

The logo for Ex Nihilo features the word "EXNIHILO" in a bold, black, sans-serif font. The letter "X" is stylized with a diagonal line through it, colored in a gradient from grey to brown. The background consists of large, overlapping geometric shapes in shades of grey and brown.

DAC7, Understanding, Challenges & Solutions

By Robert de Vries from Ex Nihilo

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Introduction

Ex Nihilo

Services

- Transfer Pricing
- ESG/ CSRD
- Tax automation tools

Location

- Netherlands
- Germany

Partner

- TPA Global
- Microsoft
- SAS



Robert de Vries

Experience

- > 25 years

Part of working committee TA DAC7

Worked and lived in

- US
- Germany
- NL

Specialty

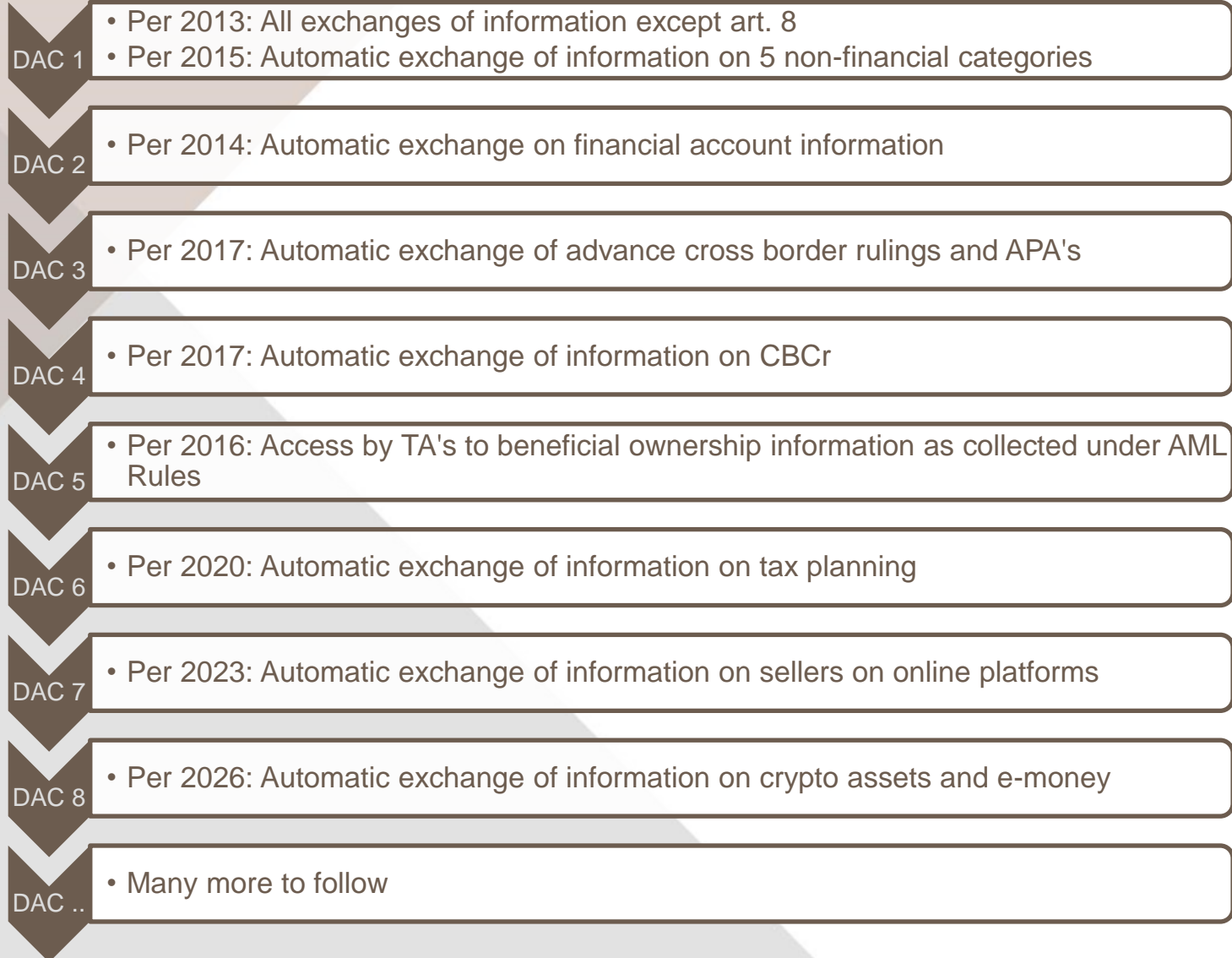
- Transfer Pricing
- DAC6 & DAC7
- Tax automation tools



Directives on Administrative Cooperation

Starting point:

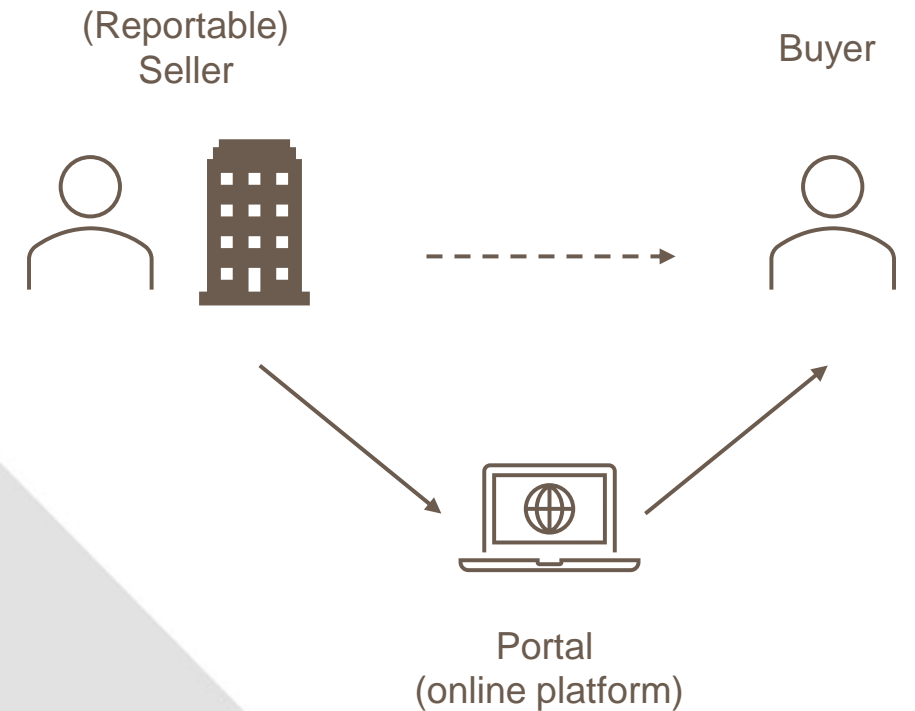
- Freedom of EU citizens and businesses to move, operate and invest across national borders;
- Non harmonization of direct tax in EU;
- Tendency to tax avoiding or tax evasion tax in their country of residence;
- Double taxation.



DAC7: Level playing field

“tackle tax avoidance, improve the coherence of international tax rules, ensure a more transparent tax environment and address the tax challenges arising from the digitalisation of the economy.”

”Extending the scope of the existing provisions on exchanges of information and administrative cooperation between the member states by requiring digital platforms to collect and report information on the income realized by sellers offering certain services. This to prevent tax evasion and provide transparency”



To whom does DAC7 apply

- DAC7 applies to both EU and non-EU platform operator. The reporting obligation applies to both cross-border relevant activities and domestic activities.
- Non-EU platform operators are digital platforms that are not residents of an EU Member State, but the sellers using the platform do however have an EU nexus.
- An EU nexus means that the sellers are residents of an EU Member State or rent immovable property that is located in an EU Member State.



Cost for non-compliance

According to DAC7, fines for non-compliance with the reporting obligations must be determined on a national level. Resulting in large differences:

Germany:

- Penalty: EUR 50.000

Ireland:

- Penalty EUR 19.056

The Netherlands:

- Max penalty: EUR 900.000
- Criminal charges, max 4 years of imprisonment



Relevant activities

Reporting platform operators must provide information about the sellers on digital platforms. These are sellers that, during the reporting period, are registered on the platform and perform a relevant activity. 4 relevant activities have been defined:



the rental of immovable property



the performance of a personal service



the sale of goods



the rental of any mode of transport

Out of scope

Thresholds

- An Entity for which the Platform Operator facilitated > 2,000 Relevant Services for the rental of immovable property in respect of a Property Listing during the Reportable Period.
- For which the Platform Operator solely facilitated less than 30 Relevant Activities for the sale of Goods and for which the total amount of Consideration paid or credited did not exceed 2,000 EUR during the Reportable Period.

Out of scope sellers

- A governmental entity.
- An Entity (or related entity) the stock of which is regularly traded on an established securities market.
- sellers who are employees of the platform operator.
- entity affiliated with the platform operator.
- sellers who receive no compensation.
- sellers who have agreed with the buyer on a fee that the platform is not aware of (or cannot reasonably be aware of).

Out of scope platforms

- Platforms exclusively allowing for the processing of payments.
- Platforms that exclusively advertises goods/ services.
- Platform that only redirect, like search engines.
- Platform operators who can demonstrate that no reportable sellers are active on their platforms.
- Switch off mechanism.

DAC 7 data to be provided



Information private person seller

- Name
- Location
- Date & location of Birth
- SSN
- VAT #
- IBAN
-



Information Enterprise seller

- Name
- Location
- TIN
- VAT #
- CoC #
- IBAN
-



Transactional data

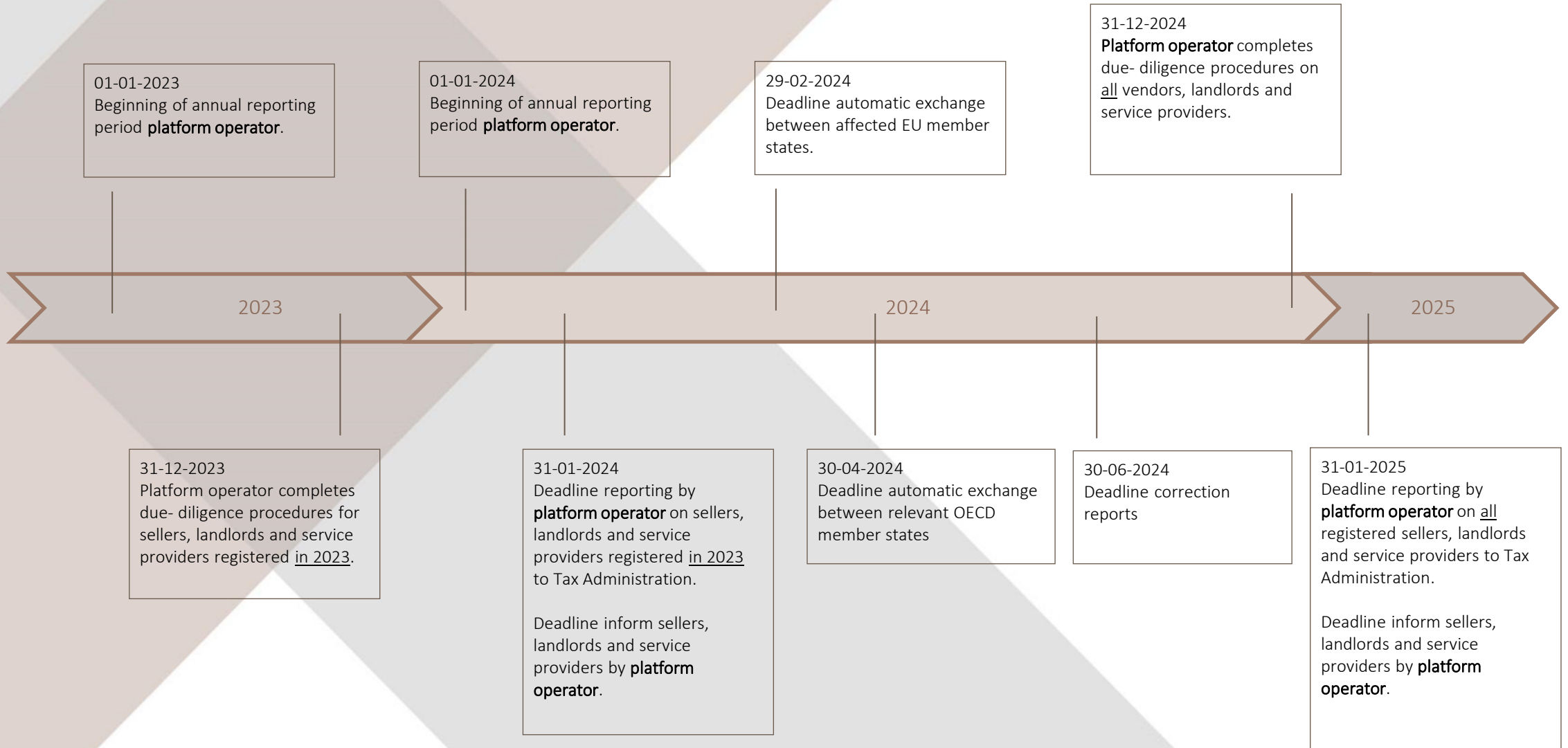
- Specified per relevant activity (and per location) on a quarterly basis
- Number of activities
 - Fee
 - Tax
 - Commission
 -



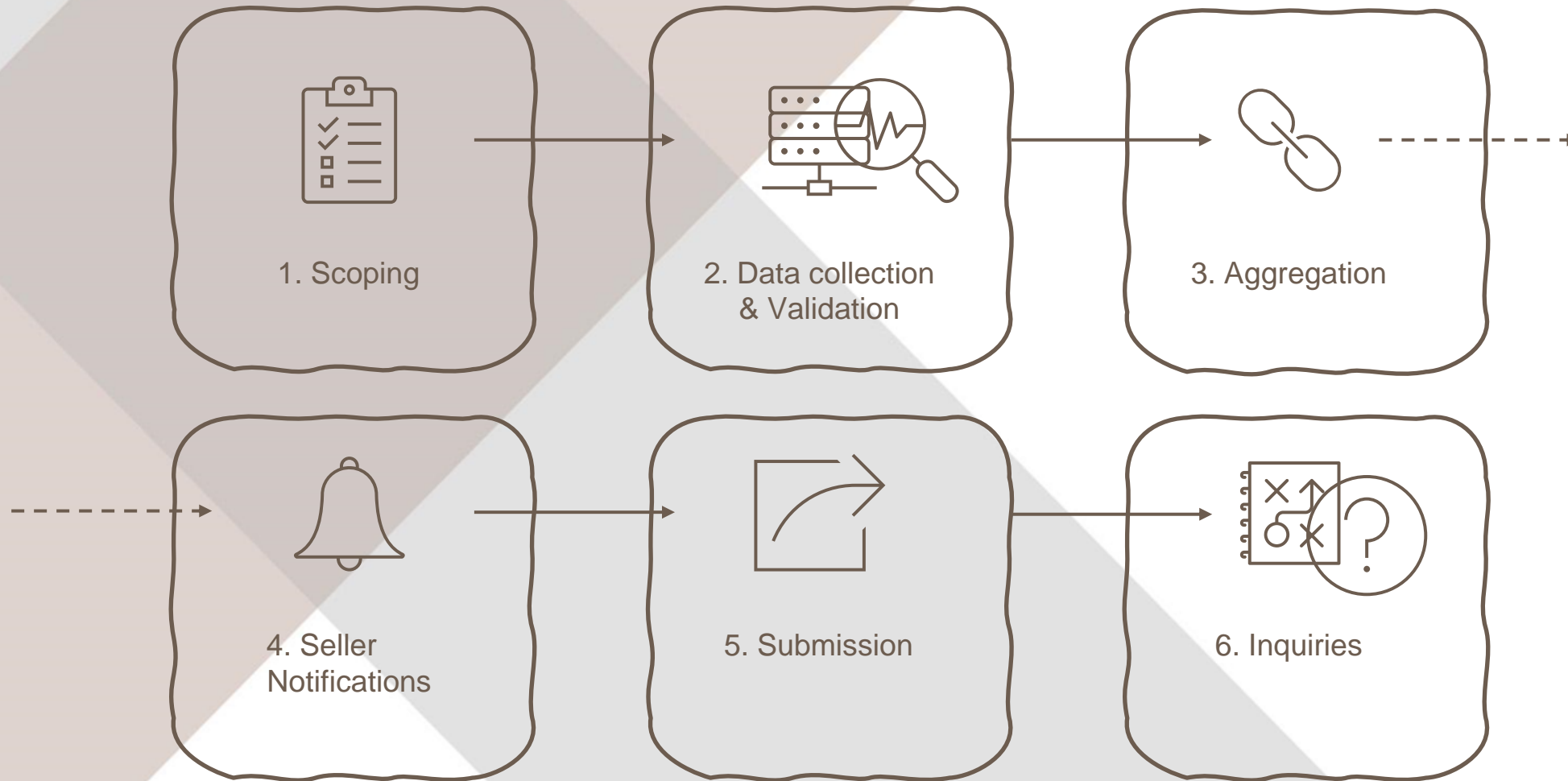
Scope

- 2023
- New reportable sellers on the platform
- 2024 a.o.
- All reportable sellers

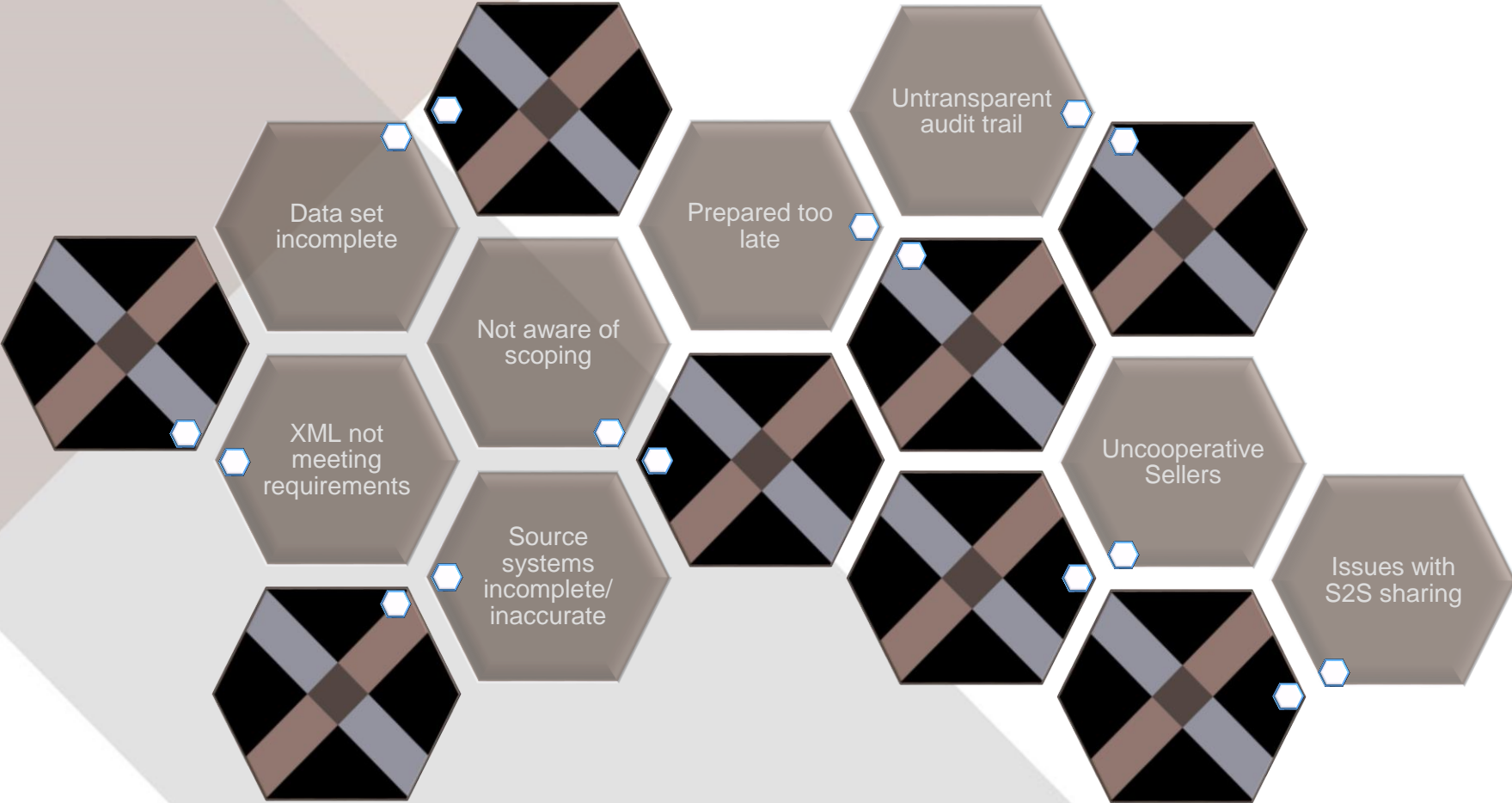
DAC7 timeline, when to report?



The DAC7 compliance lifecycle



DAC7: Expected shortcomings

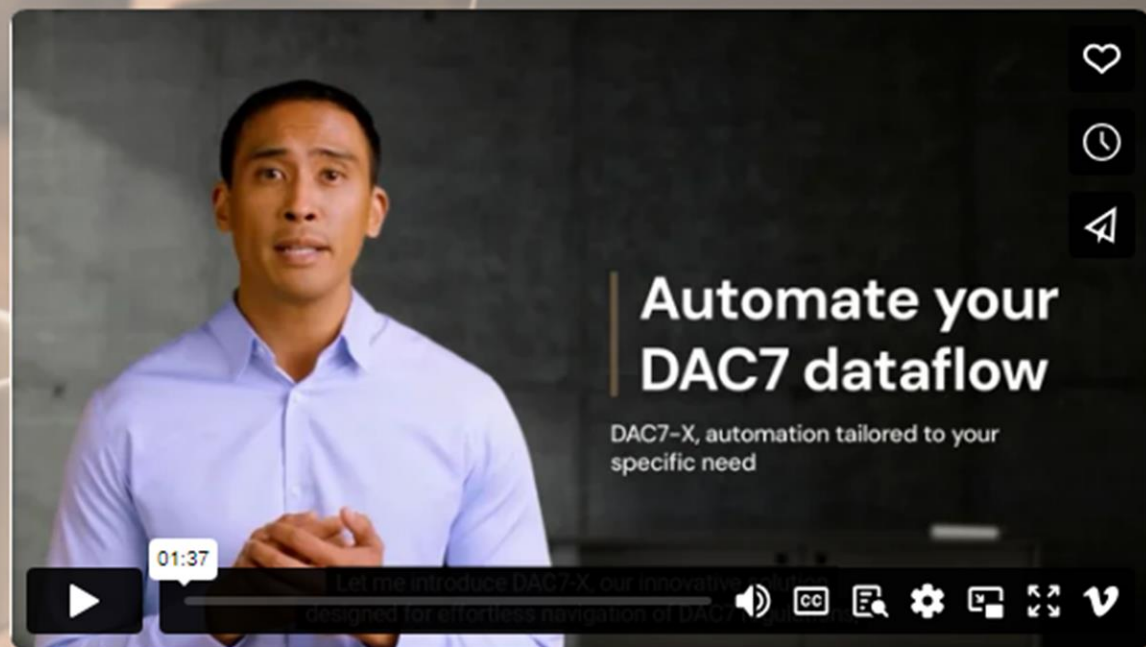


DAC7-X

The solution that helps you to be DAC7 compliant in an easy & efficient way.

Ready for
change?

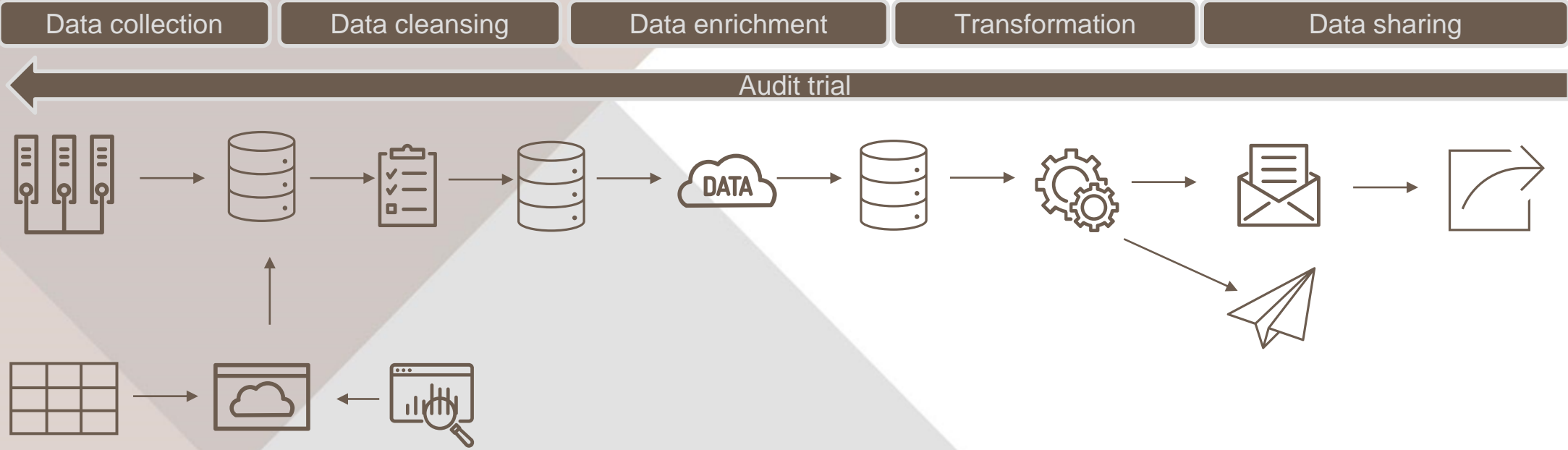
Request a
consult



Powerful features that makes you DAC7 compliant

Combining knowledge about DAC7 and utilizing smart DAC7 software solutions enables businesses to effectively navigate the complexities of digital platform reporting requirements while ensuring compliance through automation, accuracy, and real-time data processing. This synergy enhances operational efficiency and reduces the risk of non-compliance penalties.

DAC7-X Data & process flow



DAC7-X: Features

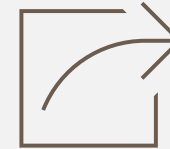
Automated data check and standardization



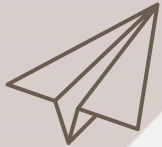
Data enrichment using external sources



Automated Sharing with Tax authority



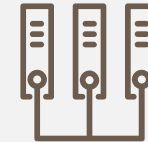
Email notifications to reportable sellers



Online Portal containing all information



Connection to source system possible



DAC7-X: Advantages

Reduce risk on non-compliance



Clear audit trail



Combining human knowledge with smart software



Fully automated



Perform data checks



Reduce workload



Q&A

Feel free to submit any question

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