



Tax transparency & Exchange of information

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Tax transparency and exchange of information

- Billions of euros of tax revenues lost every year because of tax fraud, evasion and avoidance
- Transparency and exchange of information play a key role in the fight against such practices

A short overview of administrative cooperation

Directive on Administrative Cooperation

- Framework for exchange of information and administrative cooperation in direct taxation: Directive on Administrative Cooperation (DAC)
- Directive adopted in 2011
- Amended 6 times already and work ongoing to prepare a further amendment
- Consistency with exchange of information at international level, while fully taking into account the specificities of the EU

From DAC 1 to DAC 6

DAC 1 2011/16/EU	DAC 2 2014/107/EU	DAC 3 2015/2376/EU	DAC 4 2016/881/EU	DAC 5 2016/2258/EU	DAC 6 2018/822/EU
AEOI *5 categories of income	AEOI *financial account information	AEOI *advance cross-border rulings and advance pricing agreements	AEOI *information on Country-by-country reports (CBCR)	Access by tax authorities to Beneficial Ownership (BO) information	Mandatory disclosure rules for intermediaries and AEOI on tax planning cross-border arrangements
Exchanges <i>on request</i> <i>spontaneous</i> Presences Simultaneous controls					

DAC 7

DAC 7

- Strengthening and clarification of existing rules
 - Builds on the results of the 2019 evaluation of DAC
- Expansion of tax transparency to income earned through digital platform operators
 - Builds on works carried out by Member States (Tadeus)
 - Builds on work at the international level led by the OECD
- Proposal by the Commission in July 2020; Adoption in March 2021

Expanding tax transparency

Income generated by sellers through digital platforms

Provision of services and sale of goods

Platforms operators, whether EU-based or foreign-based (registration mechanism)

Collection of information
Due Diligence Procedures

Reporting (in a Single MS)

Automatic Exchange of Information

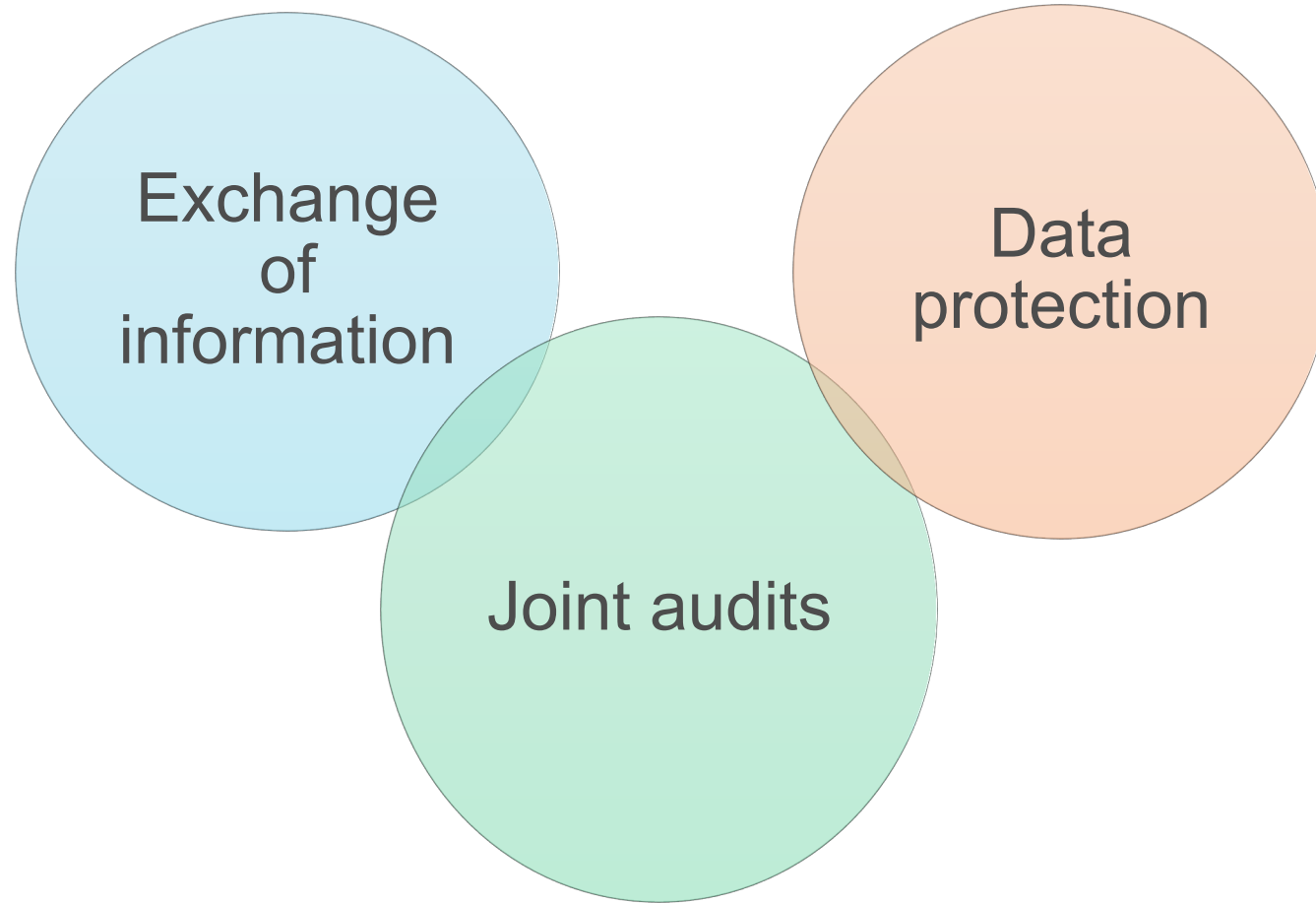
Note: equivalence decision

Enforcement

Penalties

Coordinated action by MS (blocking of access as last resort)

Strengthening the existing framework



DAC 8

DAC 8

- Announced in the July Tax Action Plan
- Will build on
 - OECD work on crypto-assets
 - ECA report on DAC
 - EP's upcoming report on DAC
 - Public consultation (still ongoing)

Need for consistency with EU regulatory initiatives on crypto-assets

Crypto-assets and e-money

- *“The emergence of alternative means of payment and investment –such as crypto-assets and emoney – threaten to undermine the progress made on tax transparency in recent years and pose substantial risks for tax evasion”*
- Objective is to ensure adequate tax transparency, with a view to enable a proper taxation.
- Working on: (i) Defining crypto-assets in scope, (ii) Identifying the relevant intermediaries, (iii) Setting a common reporting, and (iv) Due diligence purposes.

Completing the DAC to ensure effectiveness and transparency

- DAC currently states that compliance measures should be “effective, proportionate and dissuasive”.
- DAC should provide a higher degree of coordination to avoid distortions and abuse.
- DAC needs to take into account the need for compliance measures that are adapted to the situations covered by the different iterations of the DAC.
- DAC should leave room for Member States to adopt provisions that are coherent with general national provisions on sanctions.

Share your views on the planned proposal for DAC 8

<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12632-Tax-fraud-evasion-strengthening-rules-on-administrative-cooperation-and-expanding-the-exchange-of-information>

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Thank you



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