

EX NIHILO

DAC7, Understanding, Challenges & Solutions

By Robert de Vries from Ex Nihilo
and
Steef Huibrechtse from TPA Global

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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.

DAC 1

- Per 2013: All exchanges of information except art. 8
- Per 2015: Automatic exchange of information on 5 non-financial categories

DAC 2

- Per 2014: Automatic exchange on financial account information

DAC 3

- Per 2017: Automatic exchange of advance cross border rulings and APA's

DAC 4

- Per 2017: Automatic exchange of information on CBCr

DAC 5

- Per 2016: Access by TA's to beneficial ownership information as collected under AML Rules

DAC 6

- Per 2020: Automatic exchange of information on tax planning

DAC 7

- Per 2023: Automatic exchange of information on sellers on online platforms

DAC 8

- Per 2026: Automatic exchange of information on crypto assets and e-money

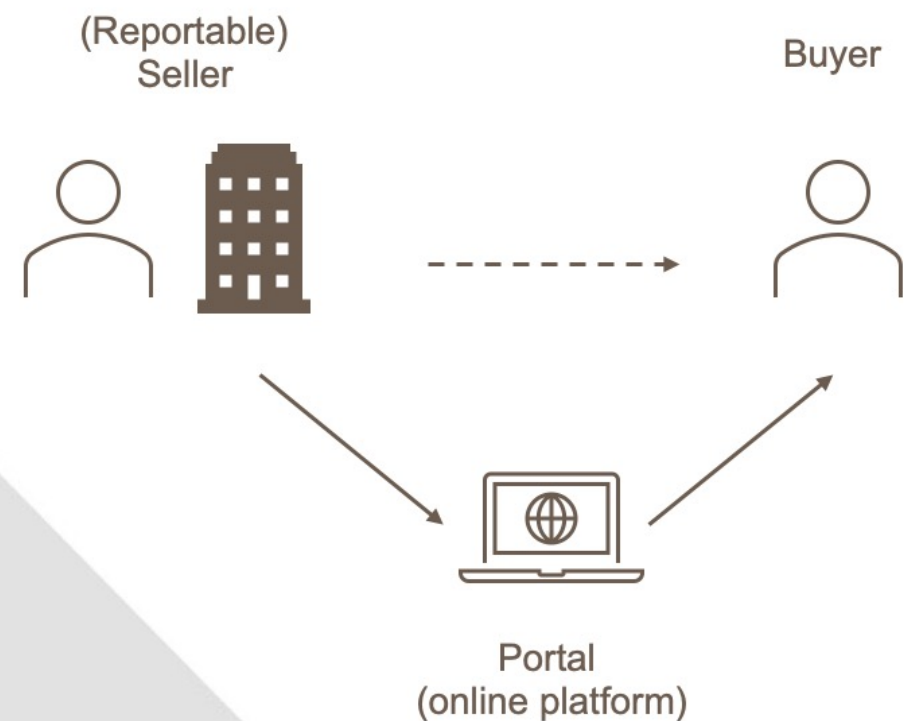
DAC ..

- Many more to follow

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:



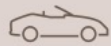
the rental of immovable property



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

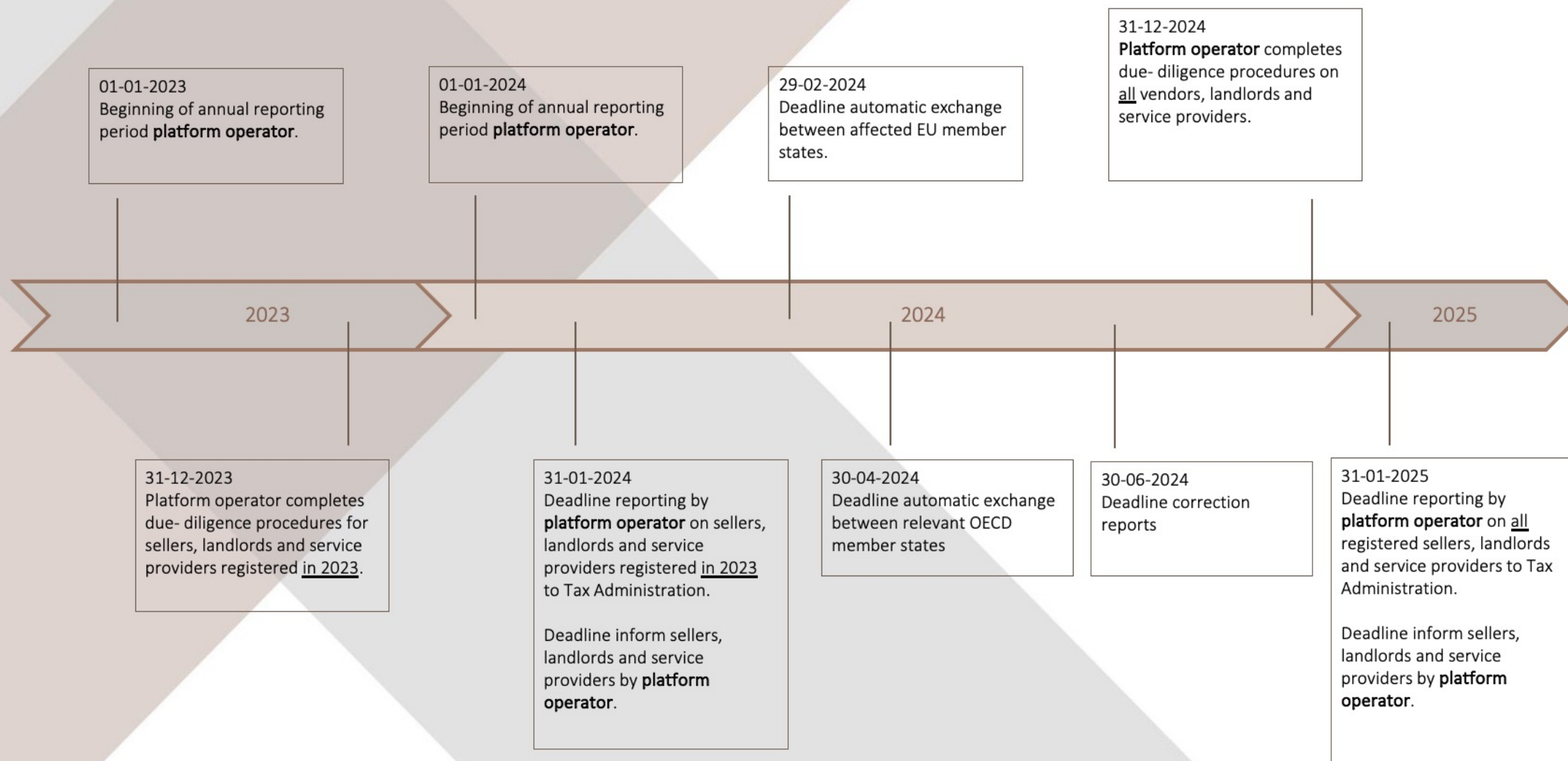
- Specified per relevant activity (and per location) on a quarterly basis
- Number of activities
 - Fee
 - Tax
 - Commission
 -



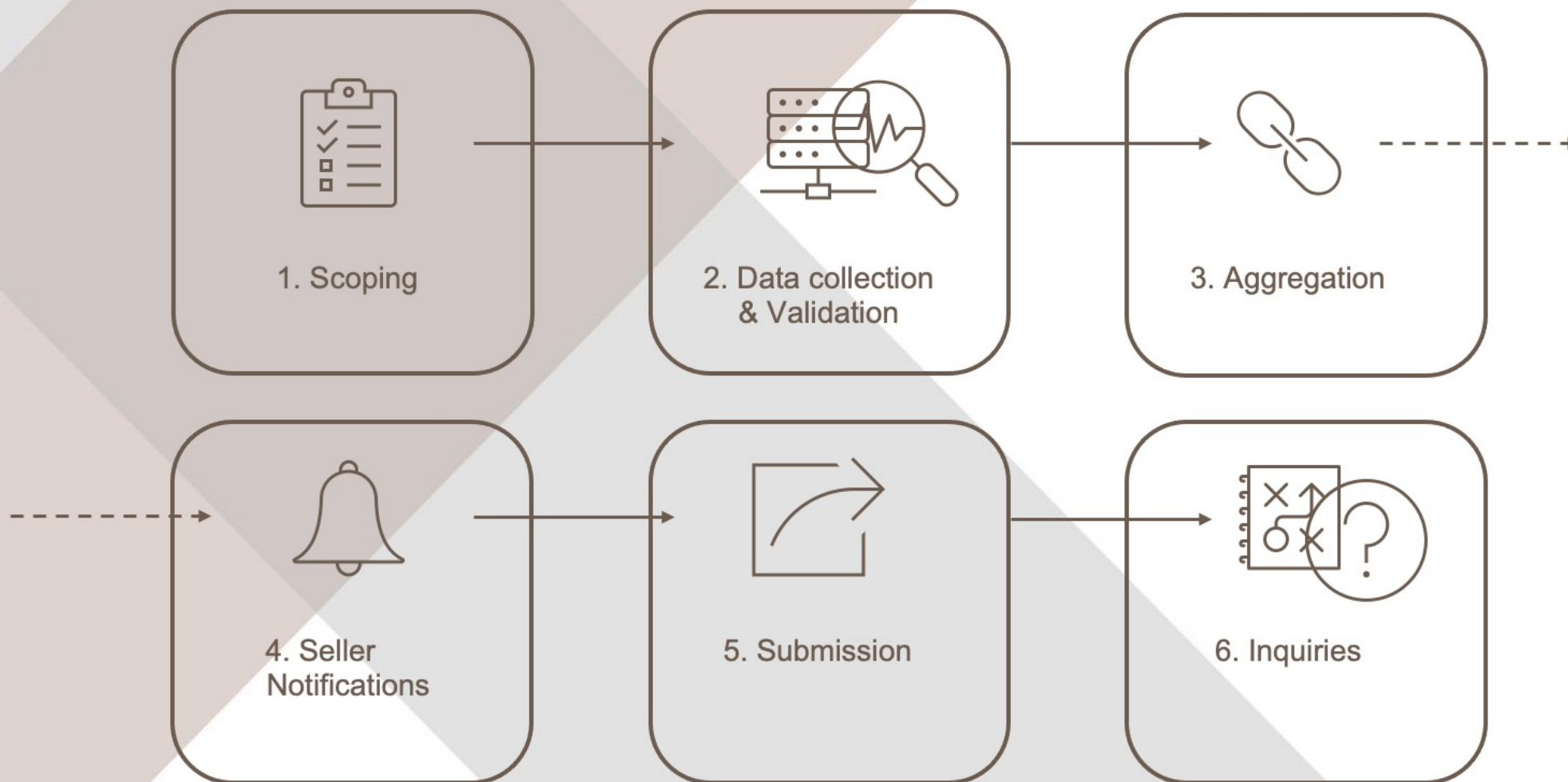
Scope

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

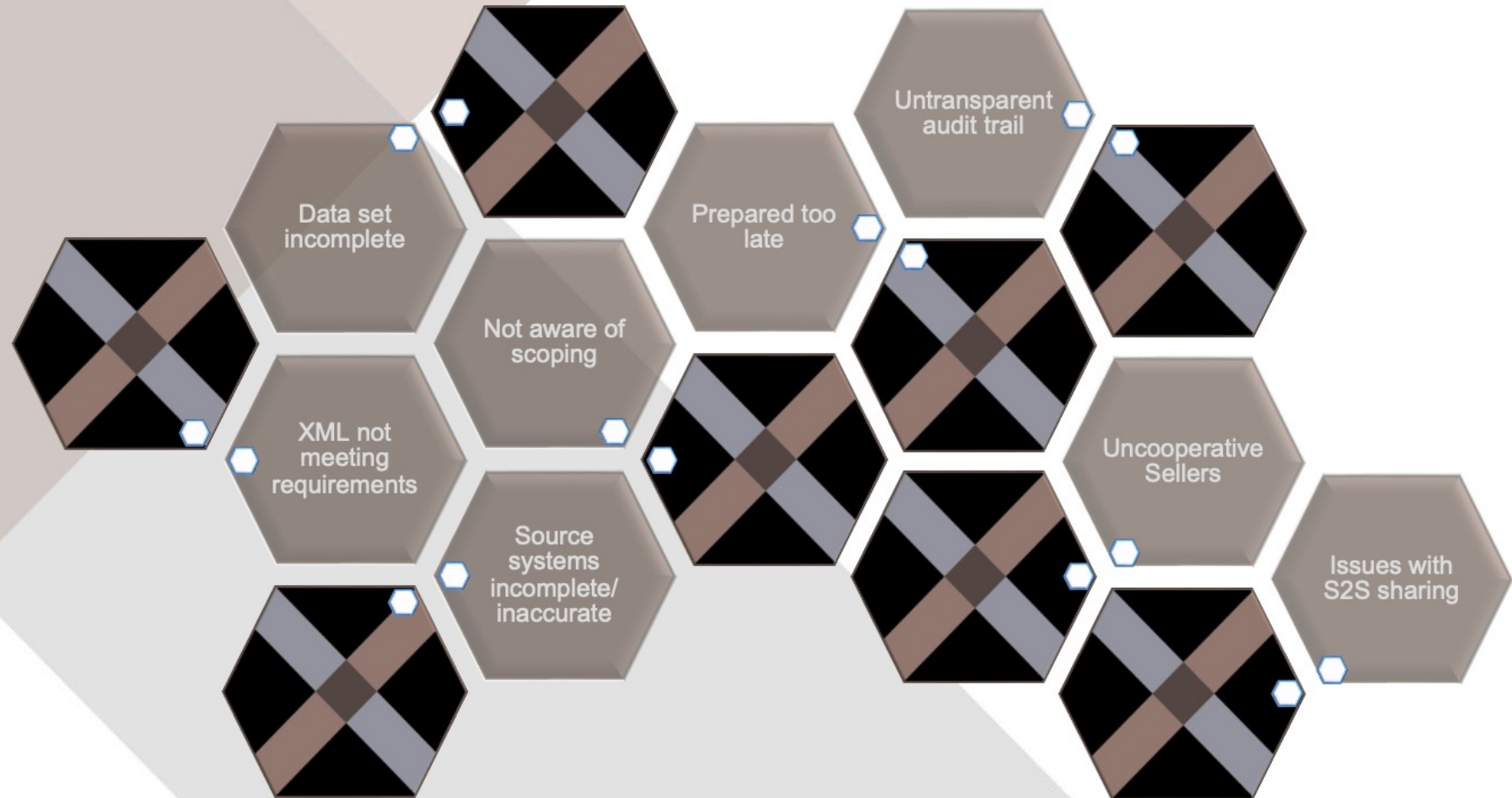
DAC7 timeline, when to report?



The DAC7 compliance lifecycle



DAC7: Expected shortcomings

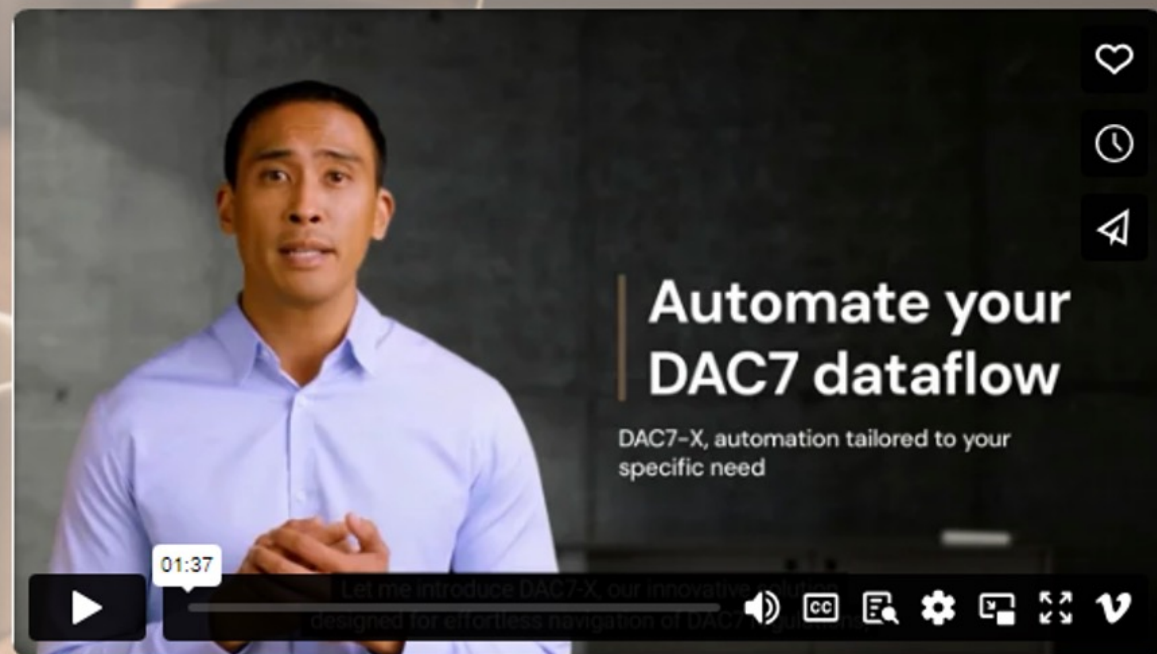


DAC7-X

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

Ready for
change?

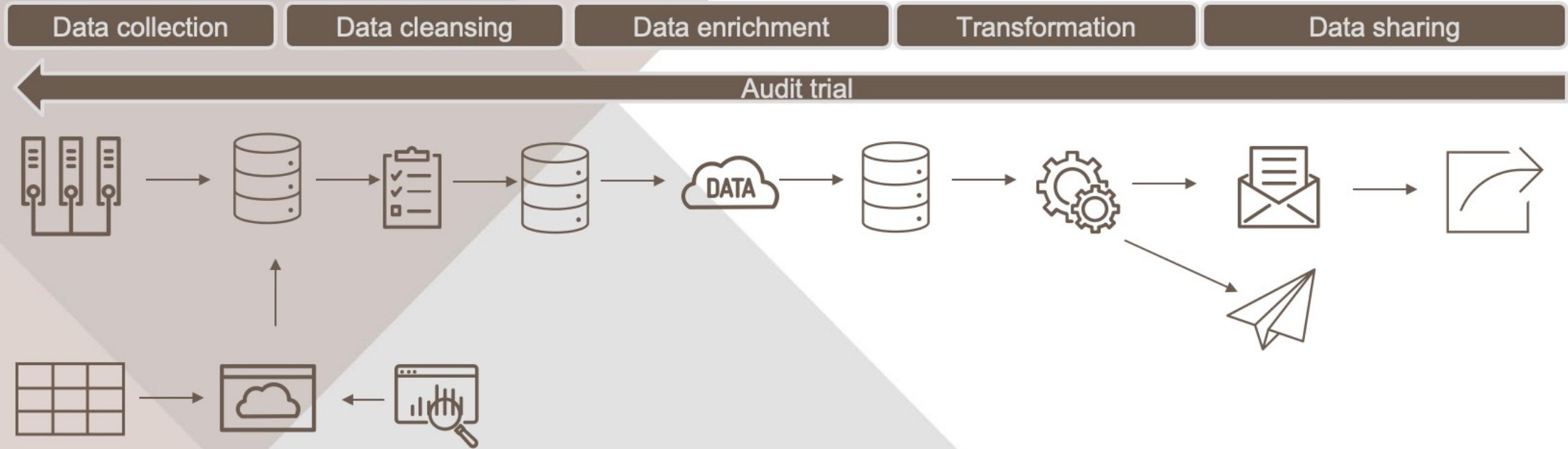
Request a
consult



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



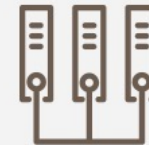
Email notifications to reportable sellers



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



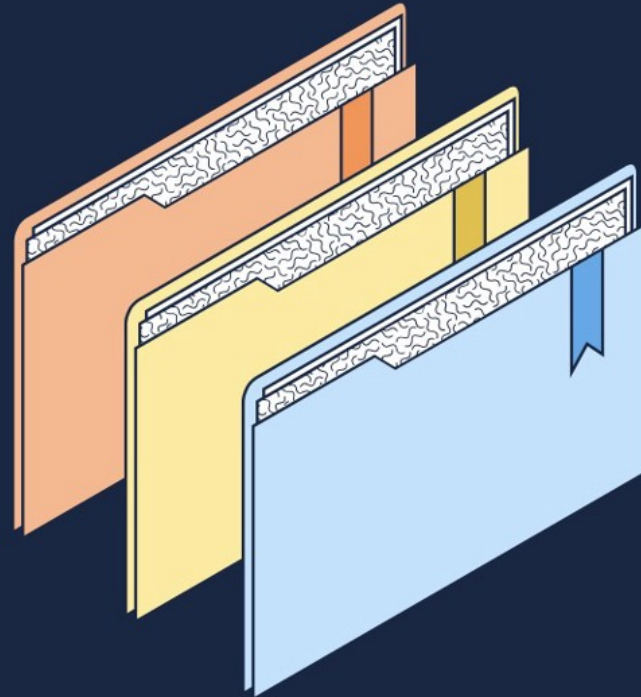
TAX TECHNOLOGY CERTIFICATION

THE BELT SYSTEM



WHAT IS THE BELT SYSTEM?

- A career path and certification for future tax technology professionals.
- Necessary training and certification for tax technology teams who lead and execute the digital transformation of tax workflows



WHY CHOOSE THIS CERTIFICATION?

- Build a sustainable career in tax.
- By having certified people, certified processes, and certified technologies in place, corporations can ensure the successful execution of their tax technology transformation plans, reduce the risk of the enterprise and measure up to the best-in-class standards.

HOW DOES IT WORK?

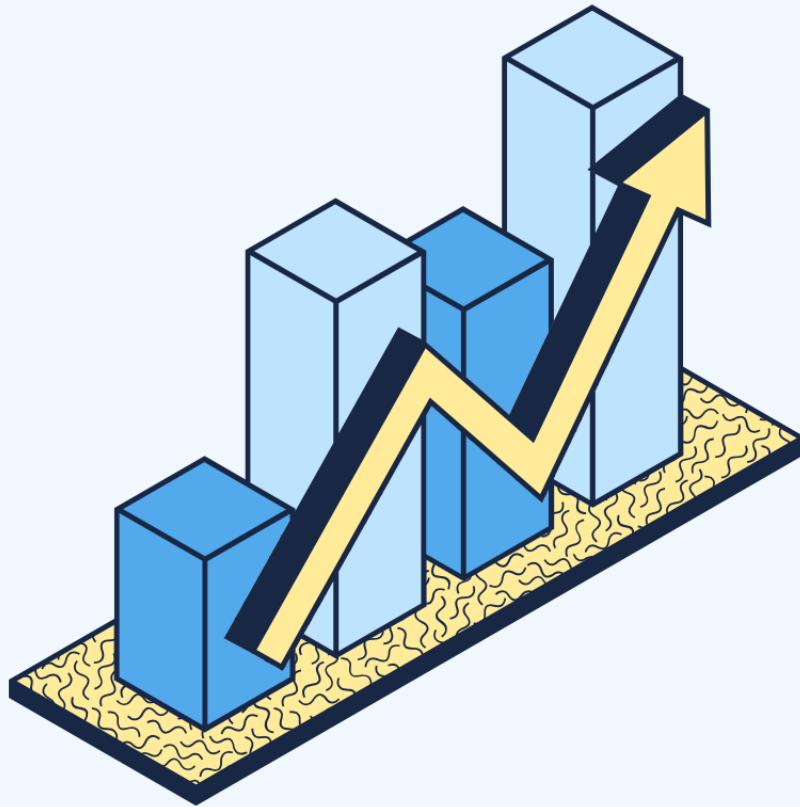
Focussing on people with Tax, Technology and Finance University degrees/Applied science, depending on your entry-level professional, you can:

- Start with the Yellow Belt (Intro level) and Orange Belt (Basic level) to build awareness.
- Make a career out of Tax Technology through Light Green Belt (Manager Level) and Dark Green Belt (Senior Manager level)
- Reach the Black Belt (Director level) to manage and execute projects as a lead.

BENEFITS

CORPORATIONS

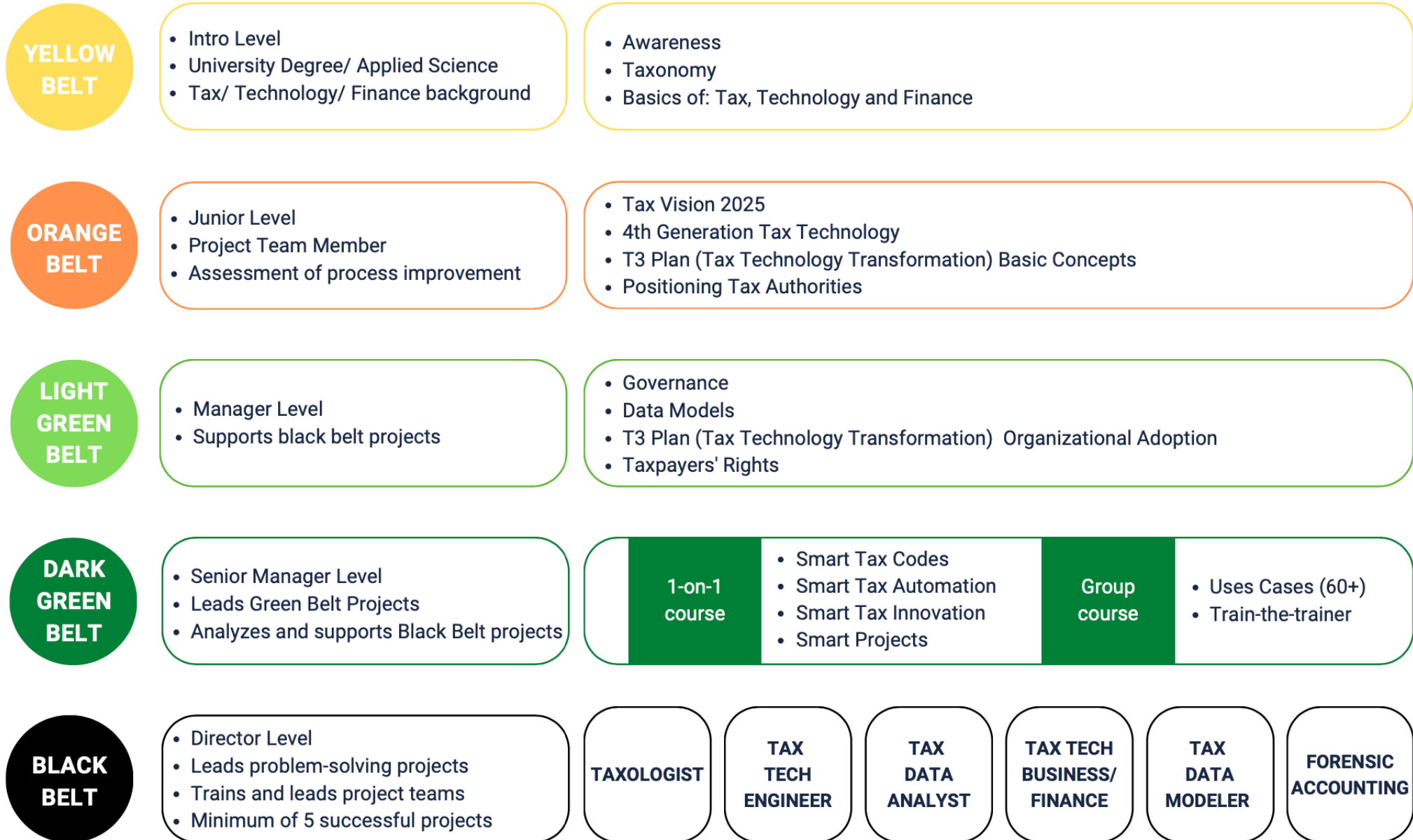
- Get the right skills and knowledge to execute and lead digital transformation projects.
- Obtain insights into digital data stream from enterprise to tax authorities.
- Eliminate compliance risk.
- Provide a career path for your tax technology talent.
- Increase retention of your tax technology talent.
- Configure your new tax organization.
- Adapt to the latest trends and requirements of the data-driven world of tax.



INDIVIDUALS

- Become a certified tax technology specialist.
- Get exposure to keep up with modern tax technology peers.
- Stay up-to-date with the fast-moving digital world of tax.
- Obtain a basic skillset of coding, project management, and communication with stakeholders.
- Become part of a train-the-trainer community.
- Get job security for life.

LEARNING JOURNEY AND PROFILES



CONTACT US / BOOK A DEMO

Do you want to contact us? Here is how you can reach us:

Book a demo or request more information about our services by contacting our Business Development Team:

Saranya Velayutham: saranya@e-bright.com

Valentina Aguer: v.aguer@e-bright.com

Visit our website

www.e-bright.com

Check our social media channels

- [Global Tax Technology Community](#): our international page to stay tuned on tax technology



Q&A

Feel free to submit any question

Or contact us via:



r.devries@ex-nihilo.eu

s.huibregtse@tpa-global.com



+31850004601

+31204623530



www.ex-nihilo.eu

www.tpa-global.com



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