

DAC7 - REPORTING OBLIGATION FOR DIGITAL PLATFORM OPERATORS REGARDING SELLER DATA AS PER JANUARY 1, 2023

Introduction

As of January 1, 2023, "digital" platform operators (hereafter: "**platform**") are under DAC7 required to report certain data (e.g., turnover figures) to the Tax Authorities about sellers who make use of the platform. The purpose of this notification is to ensure a more transparent digital economy.

Hereafter, we answer the five key questions about the new reporting obligation under DAC7.

1. Which platforms fall in the scope of DAC7?

A platform is defined as any form of software, including a website, app or otherwise, that brings sellers/providers together with buyers, to perform activities for a certain fee. These include platforms on which real estate or means of transport are rented, goods are sold or personal services are offered.

2. What is a platform required to do?

Under DAC7, platforms are required to:

- register in one EU member state and report the information in that country;
- perform due-diligence procedures on existing and new connected sellers; and
- report annually on sellers and their revenues on the platform.

3. Which digital platforms are not covered by DAC7?

Digital platforms that merely post ads, process payments or refer users to a platform are not covered by DAC7 and have no reporting obligations.

4. How does DAC7 affect sellers?

Sellers using a digital platform may be asked for additional information and data by the platform. In addition, sellers themselves must verify that the data reported by the platform is accurate.

5. When will the reporting obligation take effect?

As of January 1, 2023, digital platforms must collect data and information about their sellers and keep record of that information. In principle the information over 2023 needs to be reported to the Tax Authorities ultimately on January 31, 2024.

Summary

We advise digital platforms and other marketplaces to determine what seller data is required and to set-up an administration in which the data can be collected.

Moreover also an assessment needs to be made if additional data must be collected about existing sellers.

Should any questions arise as a result of this newsletter, please feel free to contact one of our specialists.



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