

DAC 7 - MANDATORY INFORMATION DISCLOSURE FOR CRYPTO PLATFORMS

As per 2023, certain crypto platforms will become obligated to collect and share information, related to commercial activities, with the tax authorities

DAC 7

As a result of European legislation, commonly referred to as DAC 7, 'digital' (sales) platform operators are required to report certain information (e.g. sales figures) of sellers using their platform to the tax authorities. DAC 7 enters into force as per January 2023 and the purpose is to ensure greater tax transparency in the digital economy.

SCOPE

To determine whether a platform falls under the scope of DAC 7, certain definitions are relevant such as digital platform operation, reportable seller and relevant activity. Below you will find a general description of these definitions.

Digital platform operator

A digital platform operator is an entity that enters into an agreement with a seller to make all or part of a platform available to that seller. This includes platform operators that purchase goods/services and sell them to users in their own name.

Only platform operators which operate in the EU, and therefore have an EU nexus, fall under the scope of DAC 7. A platform has EU nexus if the seller has its primary address in the EU. However, also platform operators with its primary address outside the EU, but operating within the EU, have an EU nexus. As a result, such an operator must register in one EU Member State of its choice and meet reporting obligations there.

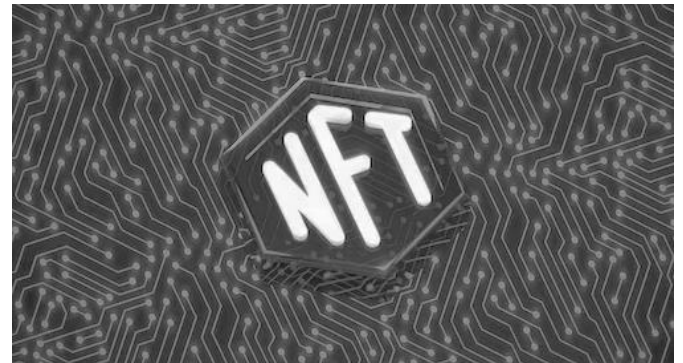
Reportable Seller

Any user of a platform, whether a natural person or an entity, who is registered on the platform at any time during the reporting period and carries out a relevant activity.

Relevant activity

Only certain activities qualify as relevant activities. These are:

- rental of real estate located in an EU Member State
- providing personal services
- selling of goods
- rental of means of transport



CRYPTO PRACTICE

The use cases of crypto related projects are continuously expanding. A recent example is NFT's and the marketplaces where they can be bought. These marketplaces may well fall under the scope of DAC 7, even though the platform itself might not have any EU nexus.

Feel free to reach out if you would like more information regarding DAC 7 or other crypto (tax) related topics.



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