

State of Tax, Legal & People

# Digital Data (reporting) strategy

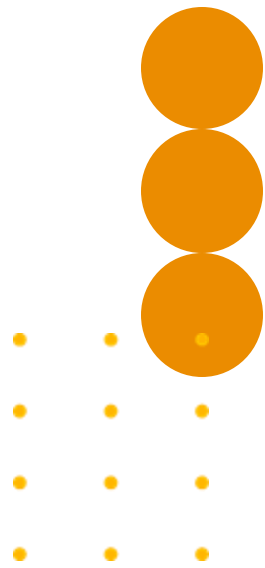
11 January 2024



# Welcome



- If this webinar is viewed live, you will be eligible for 1 PE point.
- The '[Ask a question]' button allows you to ask your questions directly.
- For other questions, please contact your PwC advisor or fill in the form on [pwc.nl](https://www.pwc.nl)
- Webcast, presentation and evaluation form will be made available afterwards.



# Agenda

1. A Europe fit for the digital age – an introduction
2. Highlights of legislative initiatives
3. Implementation considerations
4. Q & A



01

# A Europe fit for the digital age



# Background

- **A Europe fit for the digital age**
  - Making the digital transition work for people and businesses
  - Supporting the green transition
  - Strengthen European's digital sovereignty and set standards, rather than following those of others.
- Overwhelming amount of new legislation

**€ 250 billion**

*boost to digitalisation from NextGenerationEU*

**80%**

*of EU population should have basic digital skills by 2030*

**88%**

*of businesses and business users encountered unfair trading conditions on large platforms*

**61%**

*of respondents in a Eurobarometer survey said they have come across illegal content online, and 66.5% said they do not think the Internet is safe for users*

**7**

*out of the world's ten largest companies are digital market players. There are more than **10.000** platforms in the EU*

*The total market share of Global Marketplaces will grow from*

**59%** to **65%**

*in 2025*

# Overview of EU Legislations in the Digital Sector

<b>Data &amp; Privacy</b>	GDPR	Data Governance Act	E-Privacy Regulation	European Data Act	Regulation on data collection for short-term rental		
<b>Cyber</b>	NIS 2 Directive	DORA	TIBER	Cyber Resilience Act	The EU Cyber Solidarity Act		
<b>E-commerce</b>	E-commerce Directive	E-invoicing Directive	Consumer protection cooperation Regulation	Digital content Directive	EU Sales of Goods Directive	DSA	Right to repair Directive
<b>AI and safety</b>	eIDAS Regulation	General Product Safety Regulation	AI Act	AI liability Directive			
<b>Finance</b>	PSD2	DORA	MiCA	Digital euro	Regulation on combating late payment		
<b>Competition</b>	P2B Regulation	VBER	FSR	DMA	Horizontal Block Exemption Regulations	Platform Work Directive	
<b>Tax</b>	DAC7	CESOP	CBAM	E-compliance requirements	Pillar 2	VAT in the Digital Age	

# Legislative schedule

10 May 2022

**VBER**

Entry into force

28 September 2022

**AI Liability Act**

Proposal published

14 December 2022

**FSR & Pillar Two**

Entry into force

16 January 2023

**NIS2**

Entry into Force

18 April 2023

**Cyber Solidarity Act**

Proposal published

23 March 2023

**Distributed Ledger**

**Technology Pilot**

Results published

Q1 2024

**Data Act**

Expected entry into force

Q1 2024

**Cyber Resilience**

**Act**

Expected entry into force

Q3 2024

**MiCA**

*Expected* compliance

mandated

17 January 2025

**DORA and NIS2**

Compliance mandated

Q1 2025

**AI Act**

*Expected* full compliance

mandated

2022

2023

2024

2025

2026

1 November 2022

**DSA**

Entry into Force

1 November 2022

**DMA**

Entry into Force

7 November 2022

**Regulation on**

**data collection**

**and sharing**

**relating to**

**short-term**

**accommodation**

**rental services**

Proposal published

June 2023

**Platform work**

**Directive**

Adoption by the Council

1 July 2023

**Horizontal Block**

**Exemption**

**Regulations**

Entry into force

12 September 2023

**New Late Payment**

**Directive**

Proposal published

24 September 2023

**Data Governance Act**

Entry into Force

10 May 2023

**General product**

**safety Regulation**

Entry into force

1 October 2023

**CBAM**

Entry into Force

Q4 2023

**Privacy Shield 2.0**

Expected entry into force

8 November 2023

**eIDAS 2.0**

Provisional agreement

reached by Council and

Parliament

1 January 2024

**CESOP**

Entry into force

17 January 2024

**DORA**

**technical specifications**

Published for art. 15, 16, 8,

28(9), and (10)

17 July 2024

**DORA**

**technical specifications**

Published for art. 20, 26(11),

30(5)

Proposal for amendments

expected in 2023 for:

**PSD2 (PSD3)**

Legislative proposal

expected in 2023 for:

**New Open Finance**

**Framework**

2026

**Digital Euro**

Estimated adoption

2026

**Right to Repair**

**Directive**

Estimated entry into

force

**Between 2024-2028:**

**ViDA and local e-**

**compliance**

**requirements**

Estimated entry

into force

02

# Highlights of legislative initiatives





# DSA

- **WHAT:** Regulates the obligations of digital services that act as intermediaries that connect consumers with goods, services, and content.
- **WHY:** Improving consumer protection online, establishing a transparency and accountability framework for online platforms and foster innovation, growth and competitiveness.
- **WHO:** Intermediary services, hosting services, online platforms, very large online platforms (VLOPs) and very large online search engines (VLOSEs).
- **WHEN:** 25 August 2023: VLOPs and VLOSEs to comply with rules.  
17 February 2024: DSA rules apply for all regulated entities.

# AI Act

- **WHAT:** The AI Act categorizes the risk posed by AI, imposes a ban on unacceptably high risk AI and establishes new regulatory standards for all parties involved with the creation, deployment and use of AI's.
- **WHY:** Making the EU a world-class hub for AI, setting the global standard, and ensuring that AI is human-centric and trustworthy.
- **WHO:** Developers, providers and users of AI.
- **WHEN:** Final version is subject to formal approval by the European Parliament and the Council and will entry into force 20 days after publication in the Official Journal.

# NIS 2

- **WHAT:** building cybersecurity capabilities across the Union, mitigating threats to network and information systems used to provide essential services in key sectors and ensuring the continuity of such services when facing incidents.
- **WHY:** increasing cyber resilience of EU Member States and enforcing cybersecurity measures, with incident reporting being a central requirement.
- **WHO:** all entities that provide essential or important services to the European economy and society, including companies and suppliers
- **WHEN:** 17 October 2024: deadline for Member States to adopt and publish the measures necessary to comply with the NIS 2 Directive

# CRA

- **WHAT:** ensuring the security of products with digital elements (e.g. hardware and software)
- **WHY:** products are placed on the EU internal market with fewer vulnerabilities and providing security transparency to businesses and consumers.
- **WHO:** The Regulation applies to economic operators, that is manufacturers, up to distributors and importers, of products with digital elements. Obligations vary according to the class that determines the level of risk/criticality of products.
- **WHEN:** Expected to be passed in 2024, directly applicable in all EU memberstates.

# VAT in the Digital Age

- **WHAT:** European Commission attempt to modernize the VAT system and combat VAT fraud, consisting of three pillars:
  - Mandatory B2B e-invoicing and e-reporting for all intra-EU transactions
  - Introduction of a single EU VAT registration
  - Modifications for platforms
- **WHY:** The VAT in the Digital Age proposal aims to simplify VAT collecting and combat VAT fraud by modernizing the VAT system, using the possibilities of digital technologies
- **WHO:** All companies established in the European Union carrying out cross-border transactions
- **WHEN:** Expected introduction 1 January 2030. Pre-steps expected as of 1 January 2025.

# Local e-compliance obligations

- **WHAT:** EU Member States acting ahead of the VAT in the Digital Age proposals by imposing local e-invoicing requirements for local transactions. This involves the mandate to issue, receive and store invoices electronically using a government-approved format. Different models are being introduced, resulting into complexities for companies to adapt
- **WHY:** Attempt to modernize invoicing processes, ensure compliancy and combat VAT fraud
- **WHO:** All companies established in countries such as Belgium, France, Germany, Poland, Romania, performing domestic B2B transactions
- **WHEN:** Fragmented introduction pattern over countries. Expected that by 2028, majority of EU Member States have introduced an e-invoicing mandate for domestic B2B transactions

03

# Implementation considerations



# Challenges

Given that companies are now heavily scrutinized by the European Commission, implementation brings in a lot of challenges

## Fragmented regulatory landscape

Differences in the scope, format and integration models. Uncertainty on a country level including the implementation date, makes it challenging for companies to stay up to date.



## Technical complexity

In most of the cases, companies need to rely on an external software solution to stay compliant.



## Same rules, many product areas

Most platform companies are internally segmented by various product areas with their own product managers, engineers, compliance offers and security experts. Implementing new laws and regulations requires every product area to come together and work as one unit



## End User Experience affected

Many new laws and regulations aim to better protect the users of the services. This requires careful design considerations.



## Ambitious Timelines

New laws and regulations are part of bigger digital EU strategy. Many other digital and sustainable initiatives will enter into force in the next years. Implementing involves working under a lot of pressure and a horizontal approach that spans across several product areas. (technical) Capacity might be a challenge.

## Higher assumption of automation

New laws and regulations expect a certain level of automation within the platform companies while keeping the exact specifications vague, this requires clear and concise business requirements documents for implementation.



## Open to Interpretation

Content Compliance within new laws and regulations has a lot of definitions that are open to interpretation. Companies should err on the side of caution and aim for reducing false negatives more than false positives





# To implement legislation, many stakeholders are involved

## Who within an organisation is affected / needs to be involved?



# Implementation – an integrated, risk, governance & compliance based approach



It is key that different parts of the organisation work together to prevent duplications / in-efficiencies: Risk, Assurance, Internal Control, Compliance, Security, Tax, Legal, IT, OT, product engineering etc.

# Key takeaways



Impact: Know what and how new legislation impacts your organisation



Implementation: With many overlapping regulations – follow an integrated approach



Timing: Start timely!

# Questions?



# Round-up

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- On a scale of 1 to 10, how do you rate this webinar?
- The content was relevant (Completely agree / Agree / Neutral / Disagree / Completely disagree)
- Do you have any comments or suggestions for us?
- Do you have any specific questions for which you would like us to contact you?



Thank you!



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