

# DAC7



Presentation by Robert Jan Meindersma, Jasper van Schijndel  
With guest speakers Willem-Jan van Veen (Dutch Tax Authorities)  
and Gerhard van Wilgen (Dutch Ministry of Finance)  
**June 2021**

# Welcome

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## What do you want to take away from this session?

- A) Better understand DAC7 and whether it applies to my organisation
- B) Understand the operational and business impact DAC7 has on my organisation
- C) Get a view on what other organisations are doing on DAC7
- D) Understand the legislative timelines
- E) Learn from the Q&A with the Dutch Tax Authorities / Ministry of Finance

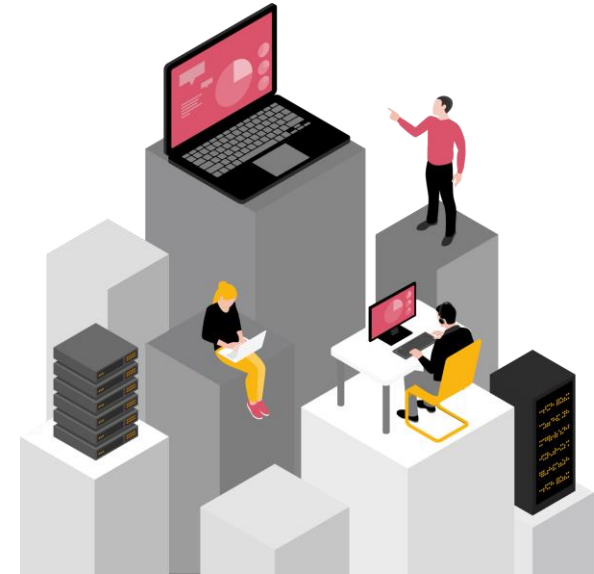
# DAC7 a wolf in sheep's clothing?

- Client due diligence requirements
- EU is going global
- Expect more to come for digital platforms



# Agenda

1. Introduction: What is DAC7 and is it relevant to me?
2. Operational and business impact of DAC7: What can we learn from implementations of similar legislation?
3. Legislative timeline
4. Q&A with the Dutch Tax Authorities / Ministry of Finance



# Introduction of DAC7:

## What is DAC7 and is it relevant to me?

### Why

**Improve tax compliance** on activities performed on or via **digital platforms** to close the **'tax gap'** for both VAT and corporate tax.

### What

An EU Directive on Automatic exchange of information of commercial activities performed on digital platforms.

### Who

All **EU and non-EU digital platform operators** that allow **third parties ('sellers')** to carry out certain commercial activities on their platform. Commercial activities included are limited to:

- **rental of immovable property;**
- **personal services;**
- **the sale of goods;**
- **the rental of any mode of transport.**

# Introduction of DAC7:

## What is DAC7 and is it relevant to me?

### How

Digital platforms will have to **identify** their sellers and annually **report** their gross income to the local tax authorities.

### When

Enters **into force on 1 January 2023 after implementation in local law.**  
The first reporting deadline will be January 31<sup>st</sup>, 2024 (over 2023).

### Enforcement

**Penalties will be locally defined.** The ultimate sanction is **revoking the 'license to operate'** in the European Union.

# Introduction of DAC7:

## What is DAC7 and is it relevant to me?

### Checklist

- Platform connects Sellers to users
- Third party sellers (NOT employees; NOT related entities)
- Sellers engage in a 'Relevant Activity' - i.e.
  - Rental of immovable property,
  - Personal services,
  - Sale of (physical) goods, or
  - Rental of any mode of transport
- Excluded if the exclusive activity of the platform is:
  - Processing of payments
  - Advertisement
  - Redirecting or transferring of users
- Platform is aware (or should be reasonable aware) of revenues generated on the platform

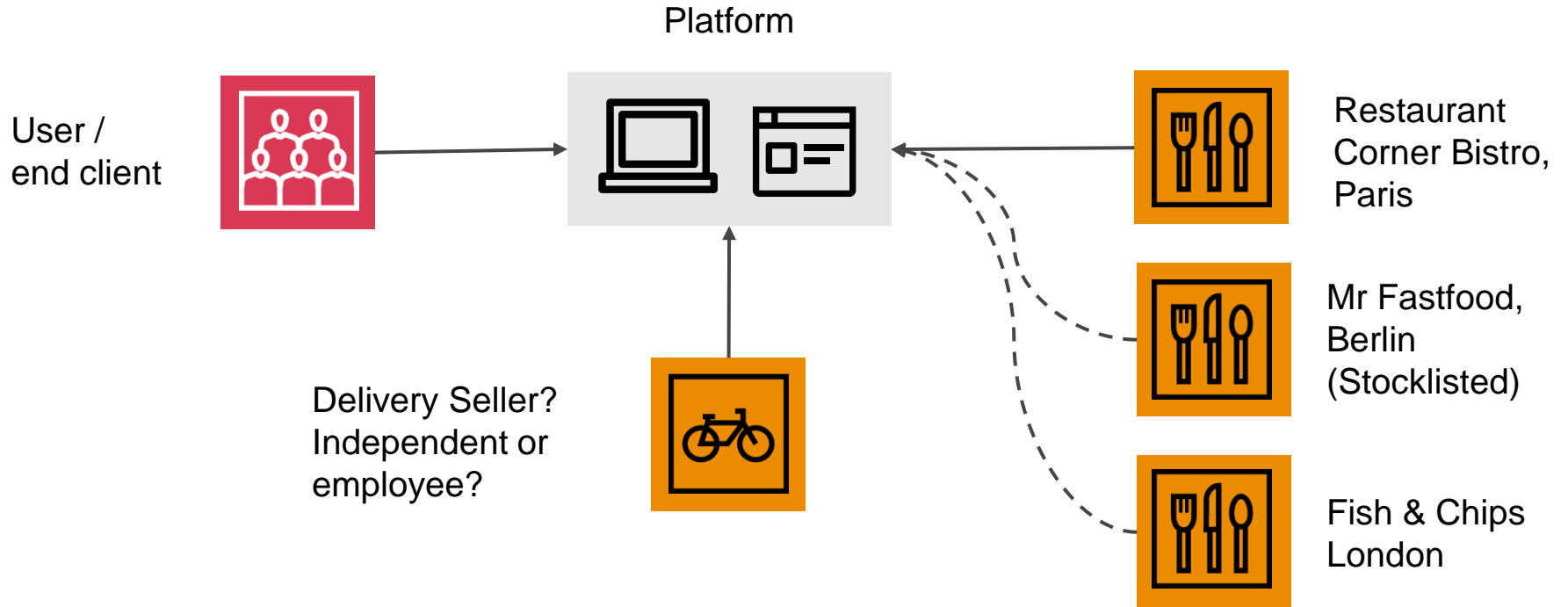


### Digital platforms as defined under the Directive

*“Platform means any software, including a website or a part thereof and applications, including mobile applications, accessible by users and allowing **Sellers** to be connected to other users for the purpose of carrying out a **Relevant Activity**, directly or indirectly, to such users. It also includes any arrangement for the collection and payment of a Consideration in respect of Relevant Activity.”*



# Example “Reportable Sellers”



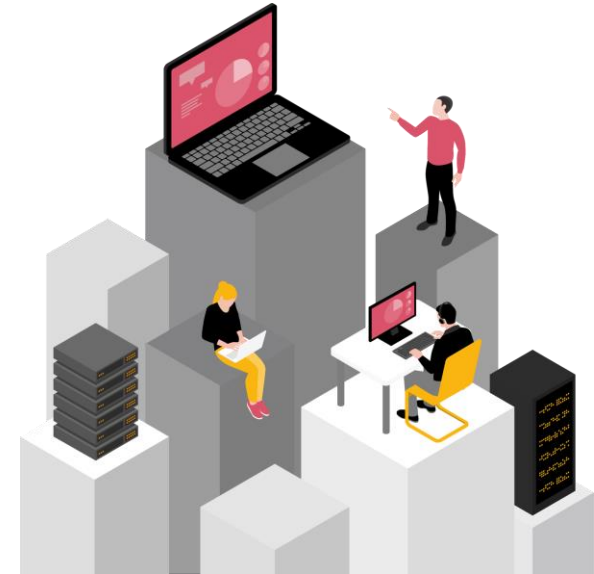
# Poll

Is your organisation in scope of DAC7?

- A) Yes
- B) No
- C) I'm not sure yet

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# Operational and business impact

## Seller due diligence

- Identify new reportable sellers
- Obtain and validate information (personal/company + tax)
- Block / close accounts of non-compliant sellers after 60 days

## Monitor change

- Monitor changes in relevant information
- Renew seller' due diligence every 3 years

## Reporting

- Annually report sellers' information (DD + financial)
- Within 30-days after year end

# Lessons learned from the introduction of FATCA/CRS implementation at the banks

- **Define governance & ownership.** Is it tax? Compliance? etc.
- **Maturity of existing KYC/CDD governance & processes** impacts the success of FATCA/CRS implementations.
- **Client experience.** Many banks lost focus on their clients due to 'regulatory spasm'
- **Think Data.** FATCA/CRS is about reporting (AML/KYC is not).
- **Expect more to come ...** the developing fiscal gatekeeper role (e.g. DAC 8, pCbCR)
- **Start timely.**

## How many sellers do you have on your platform?

- A) Small amount of 3rd party sellers (e.g.0-10.000)
- B) Medium amount of 3rd party sellers (e.g. 10.000-100.000)
- C) Large amount of 3rd party sellers (e.g. 100.000+)
- D) We are not a platform company

# DAC7 Project Plan overview - example

Timing

**Prepare** (2021/2022)

**Execute** (2023/2024)

**Annual report**  
(2024 - ...)

Project  
phase

**Initiate**

**Design**

**Construct**

**Due  
diligence**

**Reporting**

**Business  
as usual**

Impact  
assessment

Governance

Project  
manage-  
ment

Determine  
approach

Draft  
blueprint

Processes

Controls

Data &  
technology

Execute due  
diligence  
activities

Prepare and  
submit  
report to  
(local) tax  
authorities

Handover to  
business to  
execute  
ongoing  
activities

Data



Design and implement a data management strategy

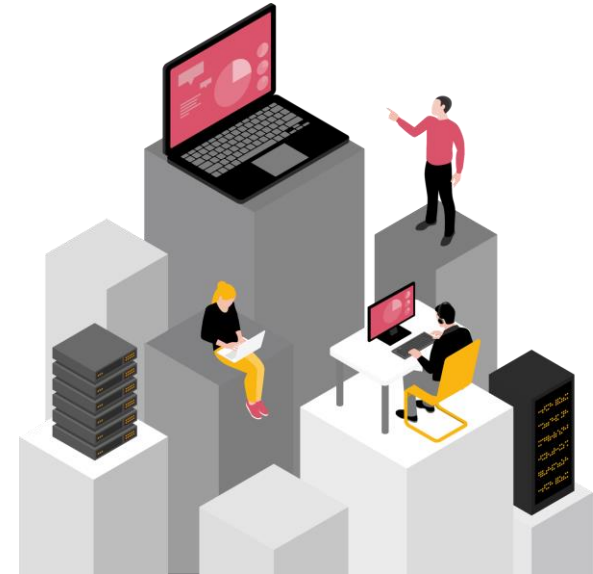
Technology



Design and implement digital solutions

# Agenda

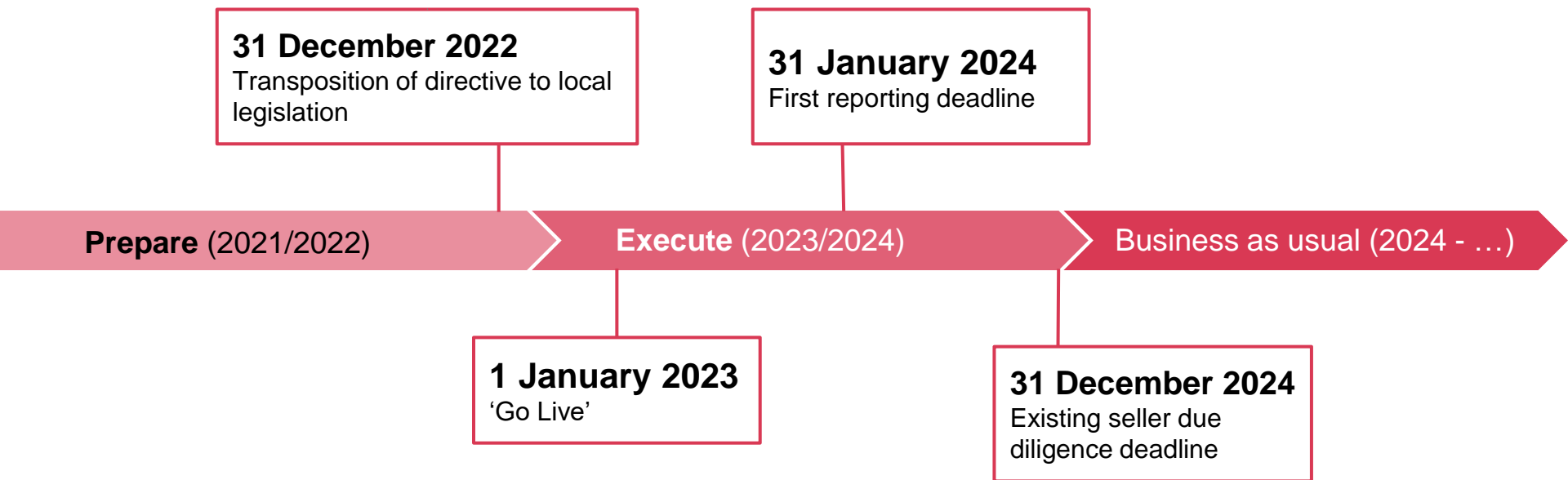
1. Introduction: What is DAC7 and is it relevant to me?
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3. **Legislative timeline**
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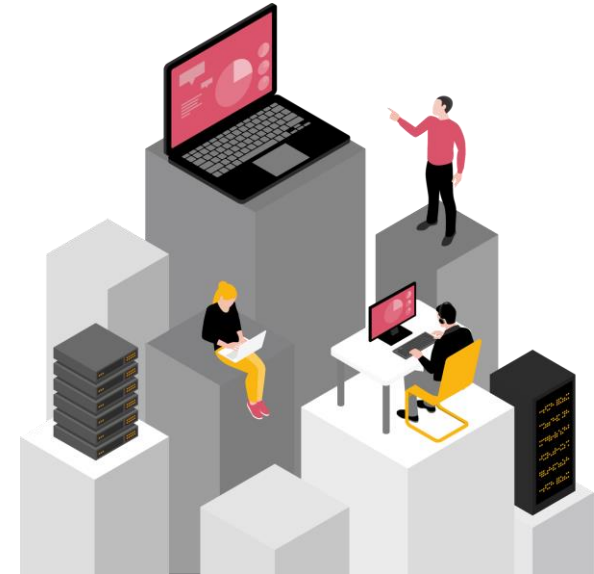
# Legislative timeline

## Key implementation milestones



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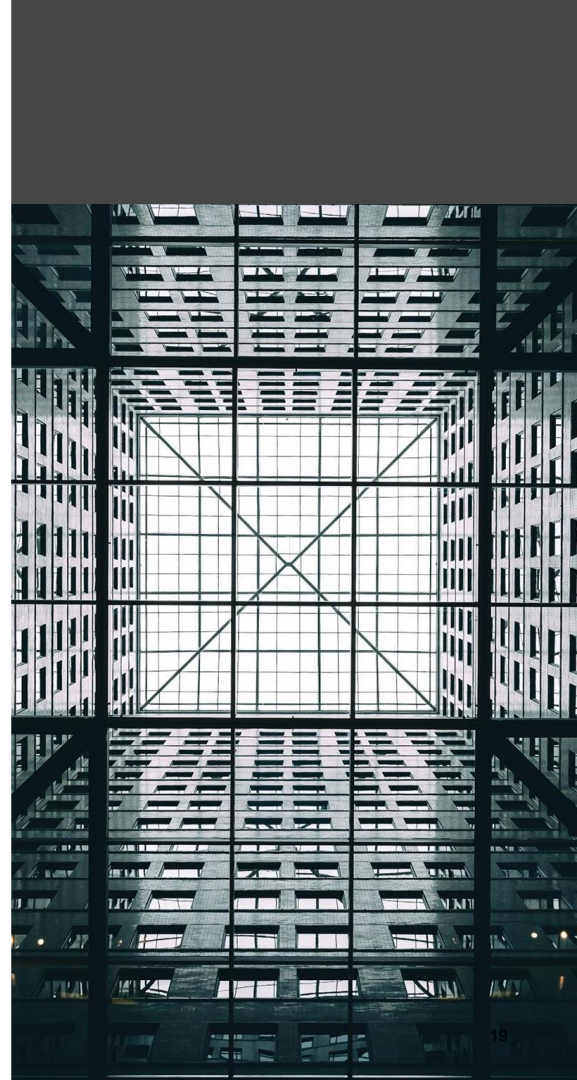
## Willem-Jan van Veen and Gerhard van Wilgen



Belastingdienst



Ministerie van Financiën



# Takeaways - how to start

- DAC7 scoping analysis - are you providing platform activities?
- If yes - perform impact analysis and gap assessment
- Set-up governance and initiate implementation

The DAC7 go-live date is 1 January 2023, start now to be ready in time.



# Closing

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- How would you rate this webinar on a scale from 1 to 10?
- The content was relevant. (Totally agree/Agree/Neutral/Disagree/Totally disagree)
- Do you have any suggestions and/or comments?
- Do you have specific questions and would you like us to contact you?



# Thank you

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