

Taxation: Council adopts new rules to strengthen administrative cooperation and include sales through digital platforms

The Council today adopted new rules to improve administrative cooperation in the field of taxation and address the challenges posed by the digital platform economy.

A large and growing number of individuals and businesses use digital platforms to sell goods or provide services. However, income earned through digital platforms is often unreported and tax is not paid, in particular when digital platforms operate across several countries. This causes member states to lose tax revenue and gives an unfair advantage to traders on digital platforms over traditional businesses.

The amendments to the directive on administrative cooperation in the field of taxation aim to address this issue. They create an obligation for digital platform operators to report the income earned by sellers on their platforms and for member states to automatically exchange this information.

The new rules cover digital platforms located both inside and outside the EU and will apply from 1 January 2023 onwards. They will allow national tax authorities to detect income earned through digital platforms and determine the relevant tax obligations. Compliance will also become easier for operators of digital platforms as reporting will only take place in one member state in accordance with a common EU framework.



This is an important update of the EU rules, which will help to ensure that sellers who are active on digital platforms also pay their fair share of tax. It is particularly welcome at a time when more and more sales are made online and the COVID-19 pandemic is putting pressure on public finances. By extending its automatic exchange of information rules to the digital platform economy, the EU is setting an example to the world.

João Leão, Portugal's Minister for Finance

Other amendments to the directive on administrative cooperation in the field of taxation improve the exchange of information and cooperation between member states' tax authorities. For instance, it will become easier to obtain information on groups of tax payers. There will also be improvements in the rules for carrying out simultaneous controls and for allowing officials to be

present in another member state during an enquiry.

In addition, the new rules provide a framework for the competent authorities of two or more member states to conduct joint audits. This framework will be operational in all member states from 2024 at the latest.

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