

Taxation: Council agrees on the postponement of certain tax rules



To address the severe disruptions created by the COVID-19 pandemic, the EU will allow more time to comply with rules on cross-border information reporting and exchanges and VAT for e-commerce.

Directive on administrative cooperation in the area of taxation (DAC)

The Council adopted an **amendment to the DAC** allowing member states an option to **defer by up to 6 months** the time limits for the filing and exchange of the following information:

- automatic exchanges of information on financial accounts of which the beneficiaries are tax residents in another member state;
- reportable cross-border tax planning arrangements.

The severe disruption caused by the COVID-19 pandemic and lockdown measures to the activities of many financial institutions, tax advisers and tax authorities have hampered timely compliance with their reporting obligations.

Depending on the evolution of the pandemic, the amended directive also provides the possibility, under strict conditions, for the Council to extend the deferral period once, for a **maximum of three further months**.

Nevertheless, all relevant information will have to be reported to and exchanged by the tax authorities within the deferred deadlines.

VAT e-commerce

Member states' ambassadors to the EU reached a preliminary agreement on **postponing by six months the application of the VAT regime applicable to online companies** – as of 1 July 2021, instead of 1 January 2021.

The postponement should be formally adopted by the Council, without further discussion, once the text has undergone a legal and linguistic review.