



EU Commission releases DAC 7 proposal in the context of the new 2020 Tax Package

On 15 July 2020, the EU Commission released a proposal for a new Directive amending Directive 2011/16/EU on administrative cooperation in the field on taxation (DAC 7, see COM(2020) 314 final).

The proposal is part of a comprehensive Tax Package for fair and simple taxation supporting the recovery in the EU, which also includes:

- I. a Communication for an Action Plan, which presents a number of measures to be implemented within 2024 with the aim of reducing tax obstacles and unnecessary administrative burdens for businesses, helping Member States secure reliable tax revenues, helping tax authorities to better exploit existing data and share new data more efficiently and promote taxpayer's rights; and
- II. a Communication on Tax good governance in the EU and beyond aimed at further strengthening how the EU can promote transparency and fair taxation, which includes a reform of the Code of Conduct and improvements to the EU list of non-cooperative jurisdictions.

The proposed DAC 7 will amend the existing provisions on the exchange of information and administrative cooperation. In particular, in addition to certain amendments related to the exchange of information on request – mostly dealing with the standard of foreseeable relevance and group requests – the proposal will extend the scope of application of the mandatory automatic exchange of information to digital platform operators, also in the light of the work done at the OECD level. The new proposal will place an obligation on digital platform operators to provide information on (and, in particular, income earned by) sellers of goods and providers of services who make use of their platforms, which will benefit EU tax administrations for the purpose of correctly assessing the income tax due by digital operators, thereby increasing the level playing field with more traditional businesses.

In this context, it is worth noting that also Italy is considering to expand the scope of compulsory tax reporting obligations so as to include specific information on digitalized business. Indeed, on 30 June 2020, the Finance and Treasury Committee of the Italian Senate, while expressing a favourable opinion on the draft legislation implementing the DAC 6, suggested the Government to assess the possibility to include, within the scope of the mandatory reporting obligations provided for in that draft legislation, also information concerning businesses exploiting the use of data generated by users active in Italy through the use of digital platforms. The revenues stemming from the exploitation of those data are currently subject to the Italian Digital Service Tax (Law no. 145/2018), in force as from 1 January 2020, the first payment of which will be due in February 2021.

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