



23.9.2024

## NOTICE TO MEMBERS

**Subject: Petition No 0456/2024 by B. M. P. (German) in opposition of Directive (EU) 2021/514 (DAC7)**

### 1. Summary of petition

The petitioner considers that Directive (EU) 2021/514, referred to as the ‘DAC 7 Directive’, discriminates against vendors who use an internet platform to sell their goods vis-à-vis those selling their goods at flea markets. According to the petitioner, the vendors selling their goods at flea markets are not bound by the ceiling of EUR 2000 or by the specific number of articles per year. In the petitioner’s view, this is at odds with the principle of equality. The petitioner states that he is no longer able to sell at flea markets owing to health reasons. He therefore considers himself to be disadvantaged. Furthermore, the petitioner regrets that, as a result of the unfavourable rules, many unsold second-hand items will probably end up being thrown away and the environment will be polluted even more.

### 2. Admissibility

Declared admissible on 28 June 2024. Information requested from Commission under Rule 233(5).

### 3. Commission reply, received on 23 September 2024

Council Directive (EU) 2021/514 (DAC7)<sup>1</sup> was adopted as a response to the fact that the digital platform economy had grown rapidly over the preceding years and the cross-border dimension of services offered using platform operators had created an environment where it had become challenging for tax administrations to enforce tax rules and ensure tax compliance. In particular, tax administrations had insufficient information to correctly assess and control gross income earned in their State from activities performed with the

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<sup>1</sup> <https://eur-lex.europa.eu/eli/dir/2021/514/oj>

intermediation of digital platforms.

In the years preceding the entry into force of the Directive, tax administrations across the Union frequently requested information from platform operators. Simultaneously certain Member States had imposed a unilateral reporting obligation, which created an additional administrative burden for platform operators that were required to comply with several national reporting standards. It was therefore essential to introduce a standardised reporting requirement within the Union by way of the DAC7.

The reporting obligation was imposed on platform operators, as they are better placed to collect and verify the necessary information on all sellers operating on and making use of a specific digital platform. Simultaneously, this reporting obligation covers both cross-border and non-cross border activities, to ensure the effectiveness of the reporting rules, the proper functioning of the internal market, and the principle of non-discrimination.

DAC7 provides for the reporting of income earned by sellers through certain activities and this enables tax administrations to have the comprehensive information necessary to correctly assess tax liabilities.

### Conclusion

In your petition you highlight the principle of equality, which is ensuring that all people are treated the same. Therein and as highlighted above the ability of tax administrations to ensure high levels of compliance by both offline and online sellers was inhibited by the fact that prior to the entry into force of DAC7, tax administrations lacked the necessary information to ensure compliance by online sellers. The Directive, by way of imposing a mandatory reporting and exchange of information obligation, has sought to comprehensively address this imbalance.

Simultaneously, it is important to stress that DAC7 does not introduce any new tax or differing taxation treatment of income earned on digital platforms. The taxation rules for income generated from offline or online activities have not in any way been amended by this Directive but continue to apply. Consequentially, DAC7 cannot create disadvantages or breach the principle of equality for income earned via digital platforms.