

TAX ALERT

The draft finance bill for 2022 plans to transpose DAC 7 into French law

In March 2021, the Council of the European Union adopted new rules revising the Directive on administrative cooperation in the field of taxation (Council Directive 2011/16/EU or “DAC”) to extend the European Union tax transparency reporting rules required by digital platforms (DAC7).

The new rules introduce a reporting obligation for digital platforms located both inside and outside the EU and an automatic exchange of information between Member States’ tax administrations on revenues generated by sellers on these platforms. They aim at remedying the ensuing underreporting of income and limiting the administrative burden of digital platform operators by introducing a standardized reporting obligation.

An amendment to the draft finance bill for 2022 intends to transpose DAC 7 into French law. This amendment provides details about the scope of the new obligation. The first reporting should pertain to income year 2023 and should be submitted by the platforms by January 2024.

As a result, the current provisions set out under Article 242 bis, 2° and 3° of the FTC, which require the collection of information on the collaborative economy, should be repealed as the current article would be redundant with these new measures.

However, the current obligation for digital platforms to inform sellers of their social and tax obligations in order to assist them in their declaratory process, provided for in article 242 bis, 1° of the FTC, is not included in DAC 7. Therefore, this existing obligation would be maintained.

Do not hesitate to contact us to get more information about the implementation of this obligation.

Dominique Villemot, Nathalie Lay and Apolline Vanrenterghem
VILLEMOT & Associés
France