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ECOFIN: DAC9 & ViDA Legislative Proposals Approved

Ministers of the Economic and Financial Affairs Council met on 11 March, reaching political agreement on two significant legislative proposalsL the Directive on Administrative Cooperation in the Field of Taxation (DAC9); and, the VAT in the Digital Age (ViDA) package. The Council also published Conclusions on tax decluttering and simplification.

Directive on Administrative Cooperation (DAC9)

The Council reached political agreement on the ninth revision of the Directive on Administrative Cooperation (DAC9), which supports the Pillar 2 Directive for a global minimum level of taxation for multinational enterprise groups (MNEs), by making it easier for MNEs to comply with their filing obligations under that Directive, such that MNEs only have to file one top-up tax information return, at central level, for the entire group. This directive aligns with Pillar 2 of the OECD/G20 global tax framework, ensuring multinational enterprises and large domestic groups with annual revenues exceeding €750 million are subject to a minimum 15% corporate tax rate.

Poland's Finance Minister Andrzej Domański highlighted that DAC9 will streamline reporting, reduce administrative burdens, and create a standardised format for tax filings across the EU. The directive must be transposed into national law by 31 December 2025.

VAT Reform for the Digital Age

Ministers at ECOFIN also approved the legislative package to modernise VAT rules in response to digital economic trends. The reforms will:

- Digitise VAT reporting for cross-border business transactions by 2030.

- Require online platforms to charge VAT on short-term accommodation rentals and passenger transport services where providers do not.
- Expand and simplify the VAT one-stop-shop system, reducing the need for multiple VAT registrations across Member States.

The ViDA package introduces several key changes with a phased implementation approach:

- **Immediately upon entry into force:** Member States may introduce mandatory e-invoicing under specific conditions, with enhanced control measures for the Import One-Stop-Shop (IOSS).
- **From 1 January 2027:** Minor clarifications will be implemented regarding the One-Stop Shop (OSS) and IOSS schemes.
- **From 1 July 2028:** New "deemed supplier" rules will apply to short-term accommodation rentals and passenger transport platforms, shifting VAT responsibility to platform operators. Additionally, single VAT registration measures will take effect, including the expansion of the OSS scheme and the introduction of mandatory reverse charges for non-identified suppliers. Member States may delay this implementation until 1 January 2030.
- **From 1 July 2030:** New digital reporting requirements will come into effect, particularly impacting businesses engaged in cross-border B2B transactions.
- **By 1 July 2035:** Deadline for aligning national real-time transaction reporting systems with the EU framework.

These changes aim to enhance compliance, combat fraud, and streamline operations for businesses operating across the EU.

Conclusions on Tax Decluttering and Simplification

The Council adopted Conclusions concerning tax simplification, calling for a comprehensive review of the EU's tax legislative framework based on principles to reduce administrative burdens, eliminate outdated and overlapping tax rules, enhancing legal clarity and improving the efficiency of tax procedures.

As part of this initiative, the Council has suggested an in-depth analysis of existing EU tax legislation, including:

- A review of the Directive on Administrative Cooperation (DAC), particularly concerning reportable cross-border arrangements.

- An assessment of the Directive against tax avoidance practices that directly affect the functioning of the internal market.
- A broader evaluation of all EU tax legislation, including indirect taxation, to ensure alignment with the simplification agenda.

The Council has invited the European Commission to consult relevant stakeholders and present an ambitious and practical action plan by autumn 2025, outlining specific measures, a feasible timeline, and an implementation strategy to reduce compliance burdens and enhance the EU's business environment.

EU Responds to US Steel & Aluminum Tariffs with Countermeasures

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The European Commission has launched countermeasures in response to the United States' decision to impose tariffs on EU steel and aluminium imports. The EU's response follows a two-step approach: first, allowing the suspension of previous 2018 and 2020 countermeasures to lapse on 1 April, and second, introducing additional tariffs on US imports by mid-April to match the economic impact of the US measures. The EU is considering its options under Regulation (EU) No 654/2014. This regulation provides a framework for rebalancing trade concessions when the EU's interests are impacted by third-country measures.

A stakeholder consultation is open until 26 March 2025, inviting affected businesses, industry representatives, and other stakeholders to submit their views on potential EU responses, including possible countermeasures such as increased customs duties or suspension of tariff concessions. The deadline for responses is 26 March 2025 at 12:00 CET.

President Ursula von der Leyen has emphasised the importance of transatlantic trade and the need to avoid unnecessary economic burdens, stating that the EU remains committed to seeking a negotiated resolution with the US. However, she has made clear that the EU will act decisively to protect its businesses and consumers. The Commission will finalise its countermeasure proposals based on stakeholder input and consultations with Member States, aiming to have legal measures in place by mid-April.

Final Reminder: CFE Forum | 27 March 2025 | Brussels

The CFE Tax Advisers Europe 2025 CFE Forum will be held in Brussels on 27 March, on the topic *"Navigating Tax Transformation: From Compliance to*

Competitiveness", where policymakers, tax experts, and industry leaders will explore the latest critical global and European tax developments. This full-day conference will feature four panels discussing key topics in tax, including:

Global Tax Reform – Gain insights from Bert Zuijdendorp (European Commission), Ruston Tambunan (Asia-Oceania Tax Consultants Association), Edwin Visser (PwC Netherlands), and Tom Jansen (OECD Permanent Representation of Belgium) on BEPS implementation, UN tax initiatives, and EU competitiveness.

ECJ Case-Law Updates – Understand the impact of major rulings, including Apple's state aid case and DAC6, with speakers such as Karl Croonenborghs (European Commission), Isabelle Richelle Graulich (HEC University), Eric Kemmeren (Tilburg University), and Sean Bray (Tax Foundation).

Transfer Pricing & VAT – Explore their complex interplay with insights from Trudy Perié (Loyens & Loeff), Federico Vincenti (Crowe Valente), and Luc Dhont (Procter & Gamble).

Digital and Green Taxation – Discuss the role of AI, digitalisation, and sustainability in shaping a competitive tax future, featuring experts like Roberta Poza (Deloitte), Markus Ehgartner (Chair, CFE Tax Technology Committee), and Eduardo Gracia Espinar (Ashurst, Spain).

Further information and registration is available via the CFE website here.

DG TAXUD Publishes Data on Taxation Trends

The European Commission's Directorate General for Taxation and Customs Union (DG TAXUD) has published the latest Data on Taxation Trends. This dataset offers a comprehensive overview of taxation in all EU Member States, as well as Iceland and Norway, allowing for the assessment of tax systems by tax type, economic function, and level of government.

The 2025 update shows that tax revenues across the EU-27 increased by 4.7% in 2023, reaching €6,711 billion. However, due to the growth in nominal GDP in an inflationary context, tax revenues as a share of GDP fell to 39.0%, the lowest level since 2011. France (43.8%), Denmark (43.4%), and Austria (43.1%) recorded the highest tax burdens, while Ireland (21.9%), Romania (26.2%), and Malta (26.6%) reported the lowest.

Labour taxes, including social contributions, rose by 5.9%, reflecting wage increases and a strong labour market. Capital taxes grew by 4.5%, driven by business profitability, while consumption tax revenues recorded the lowest growth at 2.5%, affected by weak internal demand. As a result, the share of labour taxation within total tax revenues increased from 50.6% to 51.2%, while consumption taxes declined from 27.6% to 26.9%. Capital taxation remained unchanged at 21.9%.

The Data on Taxation Trends is produced annually by DG TAXUD in cooperation with the Expert Group on the Structures of Taxation Systems, which consists of experts from national finance ministries. This dataset will contribute to the 2025 Annual Report on Taxation, scheduled for publication in June 2025, and inform the EU Semester cycle.

EU Commission March Infringement Package

In the March infringement package taxation remained a key focus of the European Commission in enforcing compliance with EU law by taking legal action against Member States that fail to meet their obligations, thereby ensuring that national rules align with the principles of the EU Single Market.

The Commission has issued a reasoned opinion to Spain to amend its withholding tax rules on cross-border royalty payments. Currently, non-resident taxpayers are taxed on the gross amount without the ability to deduct directly related expenses, a practice that contradicts established EU case law. Additionally, Spain has been referred to the Court of Justice of the European Union for failing to address the unequal tax treatment of non-residents in asset transfer transactions. While resident taxpayers can defer tax payments in certain cases, non-residents must pay immediately upon asset transfer, a restriction that violates the free movement of capital under EU law.

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