

Feedback

to
the EU public consultation on
EU rules on administrative cooperation in the
field of taxation - recast

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A. General comment

The German Retail Federation HDE highly appreciates the assessment of the Directive on Administrative Cooperation in the field of taxation (DAC). A legislative proposal to recast this directive could significantly mitigate business' administrative burden. In particular we fully agree with the findings of the evaluation of DAC 6 and the findings of the European Court of Auditor's Special Report on DAC 6. Therefore, we have serious doubts whether the hallmarks can be redesigned in a way that allows the consistent operation of DAC 6 in all EU Member States. In consequence it should be considered to abolish DAC 6 completely. In our opinion the EU Minimum Tax of 15 percent sufficiently ensures a comprehensive taxation of all business income.

B. Detailed comments on the components of DAC

On DAC 6:

DAC6 is one of the most complex to operate components of the administrative cooperation framework. The hallmark-based reporting system requires intermediaries and taxpayers to assess whether cross-border arrangements fall within a very broad and sometimes ambiguously defined criteria. The result is a comprehensive review of business transactions combined with over-reporting to satisfy all compliance.

However, the in the "Call for Evidence" paper mentioned external assessments show that member states provide reports to a highly different degree. According to the Special Report 27 /2024 of the European Court of Auditors Germany contributed almost 50 percent of all reports until the end of 2023. This equals roughly 27.000 reports.

According to an answer of the German Government to the German Parliament, German fiscal authorities received 26.921 reports until the end of March 2023. Out of these reports only 24 harmful cross-border arrangements were identified which might require legal action. The German Government made no calculation of the loss of tax revenues related to these arrangements. It's also unknown whether targeted audits were carried out.

This means that roughly 50 percent of all cross-border arrangements reported in the EU had only minor or any legal consequences at all in the reporting country. This is consistent with the findings of the European Court of Auditors in the above mentioned Special Report of the European Court of Auditors. They find that member states exchange DAC 6 information automatically but use it to a limited extent. This is associated with at least in some member states inconsistent quality checks and weaknesses in the quality of the DAC 6 information exchanged.

Recommendation:

In consequence of the above it should be seriously considered whether DAC 6 could be completely abolished since DAC 6 places a very high bureaucratic burden on business. At the same time the



EU Minimum Tax of 15 percent sufficiently ensures a comprehensive taxation of all business income.

On DAC 7:

DAC 7 poses several operational issues on business.

One of the issues is the registration timelines. They require platform operators to make reporting decisions by December 31st. In consequence they have to determine their reporting obligations before they have access to complete data for the full reporting period. December sales data, which may be material to reporting thresholds and obligations, is unavailable at the decision point.

Recommendation:

We recommend to extend the registration deadlines to the end of January following the reportable calendar year.

Article 8ac(f) of DAC7 requires platforms to collect VAT registration numbers "where available," without sufficient clarity regarding the scope of this requirement when sellers hold multiple VAT registrations across different Member States. It remains unclear whether platforms should report only the VAT number associated with the seller's primary address Member State, or whether they must collect and report all VAT numbers held by a seller across the EU. This ambiguity creates inconsistent implementation and compliance uncertainty.

Recommendation:

The Commission should clarify which VAT registration number shall be reported.

DAC7 imposes verification obligations for tax identification numbers (TINs) and VAT registration numbers. In the absence of a TIN, DAC7 requires the collection of both city and country of birth. However, not all identification documents (including passports) of EU Member States record the birth country.

Recommendation:

The European Commission should recast the reporting requirements to reduce business' administrative burden.



About HDE

The German Retail Federation (Handelsverband Deutschland e.V. HDE) is the umbrella federation of German retailers. Embedded in widespread networks in both Germany and the European Union we communicate retailer's needs to policymakers and legal authorities. Our members represent about 75 percent of retail sales in Germany. This business sector generates about 535 billion Euro turnover p.a. with 3 million employees.