



Taxation

■ Why does it matter to intermediaries?

EU taxation policy mostly focuses on establishing a minimum degree of harmonisation of tax rules in order to fight against harmful tax competition and fight tax fraud, while endeavouring to remove tax obstacles for cross-border economic activities. It affects insurance intermediaries in various ways.

With regard to the Value-Added Tax (VAT) policy, although financial services are currently exempted from it, there have been talks, from the Commission, on the possibility of (partly) introducing VAT in the financial sector.

■ State of play

DAC8

In 2022, the European Commission adopted its proposal for a Directive amending Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC8). The DAC8 proposal aimed at tackling certain insufficiencies and loopholes of the DAC.

The focus of the DAC8 proposal was to include crypto-assets and e-money within the scope of the framework. The Commission emphasized the problems currently faced by tax authorities that lack the necessary information to monitor proceeds obtained by using crypto assets. These supervisory issues can lead to tax fraud, tax evasion and tax avoidance. The DAC8 proposal's objective was to bring the framework on administrative cooperation in the field of taxation up to date.

As the proposal is related to taxation matters, the special legislative procedure applied. Therefore, **the proposal needed to be adopted unanimously by the Council, after consulting the EP and the European Economic and Social Council (ECOSOC).**

In May 2023, the Council reached a provisional agreement on the DAC8. The EP adopted its (consultative power only) decision in Plenary in September 2023. **The agreement was formally adopted on 17 October 2023 and was published in the Official Journal on 24 October 2023.**

Brief overview of the main features of the DAC8 as adopted by the Council:

The text adopted by the Council is relatively close to the initial Commission's proposal. Its main features include the following:

- **Inclusion of crypto-assets within the scope of the Directive:** building on the definitions introduced by the MiCA, the scope is extended to include crypto-assets, e-money and central banks' digital currencies. Regarding crypto-assets, the DAC8 applies both to crypto-to-crypto transactions and to crypto-to-fiat transactions. It also includes crypto-assets issued in a decentralized manner and stablecoins, including e-money tokens and some Non-fungible Tokens (NFTs).
- **Reporting requirements for crypto-asset service providers (CASPs):** the Directive requires CASPs, whatever their size and location, to report domestic and cross-border transactions of clients residing in the EU.

- **Extension of the current rules regarding exchange of tax-relevant information:** the DAC8 requires automatic exchanges of information regarding advance cross-border rulings concerning high-net-worth individuals.
- **Strengthening of the rules regarding the reporting and communication of the Tax Identification Number (TIN):** the DAC8 aims to make it easier for tax authorities to identify relevant taxpayers and to correctly assess the related taxes.

The Council did not include, in its final text, the Commission's proposal for common minimum penalties for the most serious non-compliant behaviours (such as complete absence of reporting).

■ BIPAR's position / key messages

BIPAR's key points on the topic of taxation are as follows:

- measures should always be proportionate and follow a risk-based approach,
- tax rules are already complex, they need simplifying, not added burden,
- intermediaries are already highly regulated and supervised and should not be subjected to additional requirements unless absolutely necessary.

Regarding the issue of VAT:

- it would be preferable to maintain the VAT exemption for financial and insurance services,
- any changes to the VAT treatment of financial and insurance services should always consider other applicable taxes (e.g. insurance premium tax, government tax incentives, etc.) to avoid double taxation,
- only an activity-based approach can ensure legal certainty and a "tax" level playing field among operators.

■ Next steps

The DAC8 rules will start applying on 1st January 2026.

■ Links

- [Council's provisional agreement on the DAC8](#)
- [Parliament's decision on the DAC8](#)
- [Council's Directive published in the OJ](#)