



**K. TREPPIDES
& CO LTD**

**Direct Taxation
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Reporting obligations for digital platform operators

We would like to inform you that following the enactment of Council Directive (EU) 2021/514 (DAC7), operators of both EU and non-EU based digital platforms engaging in “Relevant Activities” have the obligation to collect and report certain information about the sellers that use their platforms.

Overview

A “**Relevant Activity**” includes any of the following activities:

- The rental of immovable property,
- The provision of personal services i.e., service involving time or task-based work performed by one or more individuals, acting either independently or on behalf of an entity, and which is carried out at the request of a user, either online or physically offline after having been facilitated via a Platform,
- The sale of goods,
- The rental of any mode of transport.

“Platform” means any software accessible by users and allowing sellers to be connected to other users for the purpose of carrying out a Relevant Activity, directly or indirectly, to such users. This includes:

- A website or part thereof,
- Mobile applications,
- Any arrangement for the collection and payment of a consideration in respect of a Relevant Activity.

The term “platform” does not include software that without any further intervention in carrying out a Relevant Activity exclusively allows any of the following:

- Processing of payments in relation to a Relevant Activity,
- Users to list or advertise a Relevant Activity,
- Redirecting or transferring of users to a Platform.

A **“Platform Operator”** is an entity that contracts with sellers to make available all or part of a Platform to such sellers. An Entity includes legal persons, corporations and legal arrangements, such as partnerships, trusts and foundations.

The above provisions apply to Platform Operators that are resident for tax purposes in Cyprus, however, they are also applicable to platform operators which do not have their tax residence in Cyprus but meet any of the following:

- They are incorporated in Cyprus,
- They have their place of management in Cyprus,
- They have a permanent establishment in Cyprus,
- They facilitate the carrying out of a Relevant Activity in Cyprus.

In case where a Platform Operator is resident in multiple EU Member States, it must choose one Member State and report to that State's tax authorities. Foreign platform operators that facilitate the carrying out of a Relevant Activity in multiple EU countries are required to register and report in one EU Member State only.

Platform operators must collect the following information from reportable sellers that use their platform:

- Legal name (for legal entities) or first and last name (for individuals)
- Primary address
- Any tax identification number (TIN) issued to the seller, including each Member State of issuance. In the absence of a TIN, the place of birth of the seller (for individuals)
- The VAT identification number of the seller, where available
- The date of birth (for individuals only)
- The business registration number (legal entities only)
- The existence of any permanent establishment through which Relevant Activities are carried out in the EU, where available, indicating each representative Member State where such a permanent establishment is located (legal entities only).

Information to be reported includes, amongst others, the total consideration paid or credited during each quarter and the number of Relevant Activities in respect of which it was paid or credited, as well as any fees, commissions or taxes withheld or charged by the Platform Operator during each quarter.

Additional information should be collected and reported when the Relevant Activity involves immovable property.

It is important to note that the Platform Operator has the obligation to determine whether the information collected is reliable, using all information and documents available in its records as well as any electronic interface made available by the EU to ascertain the validity of the TIN and/or VAT number.

Reporting deadlines

There is an annual reporting requirement, with a deadline of 31 January of the year following the calendar year. The first report should be filed to the Cyprus Tax Department by 16th February 2024.

A Reporting Platform Operator must register with the Cyprus Tax Department for DAC7 purposes no later than the date it starts its activity.

Platform operators that do not comply with the above due diligence and reporting obligations are subject to penalties.

For any further information and/or clarifications required please do not hesitate to contact us.



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