

**TAX**

DAC 8 – Crypto-assets and digital currency

The European Commission has to address the growing emergence of alternative means of payment and investment, particularly through crypto-assets and virtual currency. It also recognises the impact of these new phenomena on the fight against fraud and tax evasion. As a result, on 8 December the Commission presented a proposal for a Directive (“DAC 8”) that will amend for the eighth time the Directive on administrative cooperation in the field of taxation (Directive 2011/16/EU).

The specific characteristics of crypto-assets make the role played by the tax authorities of the Member States of the European Union difficult when it comes to collecting, controlling and monitoring information on their transactions and the traceability of their players.

To that end, the European Commission has proposed a set of registration obligations and procedures relating to transactions with crypto-assets that make it possible to obtain and systematise a significant amount of information and to share that information between tax authorities. The proposed DAC 8 includes the following elements:

- Imposition of a registration obligation on individuals and entities whose main activity is to provide crypto asset services and that wish to operate in the single market, despite not being authorised under the Proposal for a Regulation on the Markets in Crypto-assets (“MiCA” Regulation).¹
- Creation of due diligence procedures imposed on authorised or registered crypto-asset service providers, in order to certify the identity and tax residence of their clients (self-certification).

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- Creation of a reporting obligation imposed on authorised or registered crypto-asset services providers regarding relevant information on exchange and sale transactions (including non-fungible tokens), whether cross-border or domestic, in which their customers who are residents of the European Union have participated. The information must be reported by 31 January of the year following the one to which the transactions in question relate.
- Broadening the scope of the automatic exchange of information between Member States to items reported by authorised or registered providers of crypto-asset services. For example, the gross amounts paid by customers, the number of assets acquired and the number of reportable transactions, by reference to a fiat currency.

In addition to the items already identified, the proposed DAC 8 also imposes an obligation on financial institutions to report information on account holders with deposits of e-money and central bank-issued digital currency (CBDC), in line with the Common Reporting Standard currently in force.

In addition, non-custodial dividends are included in the categories of income subject to the automatic exchange of information. Moreover, the scope of this mechanism is extended to the binding information issued by tax authorities to individuals classified as high-net-worth individuals (i.e., individuals holding at least €1,000,000 in financial assets).

If DAC 8 is approved as proposed, the legal provisions identified will have to be applied by Member States following the corresponding acts to incorporate it into national law, with effect from 1 January 2026. ■

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