



Evaluation of Administrative Cooperation in Direct Taxation

FINAL REPORT

Executive Summary

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Abbreviations and Acronyms

ACDT	Administrative Cooperation in Direct Taxation
AEOI	Automatic Exchange of Information
CRS	Common Reporting Standard
DAC	Directive on Administrative Cooperation
DF	Director's Fees
DG TAXUD	Directorate General for Taxation and Customs Union
EI	Income from Employment
EOI	Exchange of Information
EOIR	Exchange of Information on Request
EU	European Union
EUAV	EU Added Value
FATCA	Foreign Account Tax Compliance Act
GDP	Gross Domestic Product
GNI	Gross National Income
IP	Immovable Property
IT	Information Technology
LIP	Life Insurance Products
OECD	Organization for Economic Co-operation and Development
PAOE	Presence in Administrative Offices and participation in administrative Enquiries
PEN	Pensions
SC	Simultaneous Controls
SEOI	Spontaneous Exchange of Information

1 INTRODUCTION

This Evaluation Study was prepared for the European Commission – Directorate General for Taxation and Customs Union (DG TAXUD) and it is intended to support the forthcoming Commission Evaluation of the **Council Directive 2011/16 on administrative cooperation in the field of taxation**¹ (hereinafter, the 'Directive on Administrative Cooperation', or just the 'Directive').

The Study purports **to provide a comprehensive assessment of the Directive**; more specifically, the Report pursues the two-fold objective of: (i) assessing the implementation and results, and (ii) developing recommendations for the amendment of existing provisions, should they prove inadequate.

2 THE APPROACH TO THE EVALUATION

The Assignment consists of **two components**, an Implementation Assessment and an Evaluation 'proper'. The former includes an **assessment of the transposition and the implementation** of the Directive and of the uptake of its tools and mechanisms – i.e. the extent to which they have been used by the Member States. The latter involves an assessment of the Directive along the **five evaluation criteria** commonly used for the assessment of the EU initiatives, namely: (i) relevance, (ii) effectiveness, (iii) efficiency, (iv) coherence, and (v) EU added value.

The Study is based on the information derived from documentary sources or obtained during the consultations with relevant stakeholders:

- 1) The documentary sources consist primarily of **various datasets on administrative cooperation activities**, comprising information provided by the Member States to the Commission as part of the reporting obligations spelled out in the Directive. The datasets encompass 'statistics', which include information on the number and nature of the exchanges that have occurred via the Directive mechanisms, and 'questionnaires', through which Member States provide qualitative and quantitative information on the working of the Directive
- 2) The datasets made available by the Client were complemented with information from the analysis of **other documentary sources**, mostly academic studies and documents from international organisations and national governments.
- 3) Overall 39 institutions, organisations and economic operators from 15 Member States were consulted during the two **targeted consultations** carried out for the Study, one aimed at national tax authorities, and another for other stakeholders. For the former, seven tax authorities were consulted in the early phase of the Assignment, and another round of targeted consultation was organised, covering ten Member States. All in all, 14 tax authorities participated to the two phases of the targeted consultation. For other stakeholders, the consultation targeted financial sector organisations and companies, non-governmental organisations active in tax transparency themes, and tax advisors. In total, 25 private stakeholders were consulted, including six European organisations and 19 national entities.
- 4) The Public Consultation carried out by the European Commission, with the Consultants' support, in order to gather the appreciation of stakeholders and citizens on the working of the Directive. The consultation was launched on 10 December 2018 and it remained open until 4 March 2019, for a total of 12 weeks. A total of 30 entities and individuals participated to the PC, from 10 Member States.

¹ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC.

3 THE POLICY AT STAKE

Administrative Cooperation in Direct Taxation

In an increasing globalised world, the persistence of significant differences in taxation systems may negatively affect tax revenue collection, as businesses are able to shift profits across borders and taxpayers can earn income from abroad without being taxed. This has led to the **development of various cooperation mechanisms among tax authorities**, commonly referred to as 'Administrative Cooperation In Direct Taxation' (ACDT).

Access to information on the incomes earned or the assets held abroad via the exchange of information on taxpayers engaged in cross-border activities is widely regarded as an essential component of an effective ACDT system. The possible exchanges encompass:

- 1) the **Exchange Of Information on Request** (EOIR), which refers to information concerning specific persons or transactions expressly solicited by the requesting country;
- 2) the **Automatic Exchange Of Information** (AEOI), which refers to the exchange of information in bulk, for all the persons or transactions fulfilling certain criteria, using predefined formats, secured channels of communication, and at predetermined times; and
- 3) the **Spontaneous Exchange Of Information** (SEOI), which refers to the unsystematic, voluntary furnishing of information that the supplying country may deem to be of interest for the receiving country.

These exchanges are complemented by other forms of cooperation, including namely the **Presence in Administrative Offices or participation in administrative Enquiries** (PAOE), the carrying out of **Simultaneous Controls** (SC), and the provision of **assistance for the notification to taxpayers** of decisions or instruments regarding their tax liabilities.

The Directive

The Directive on Administrative Cooperation is the **fundamental piece of EU legislation on ACDT**, establishing a common approach for the mutual assistance and exchange of information in the field of direct taxation. The Directive supports the Member States by providing their tax authorities a legal framework for cooperation, and an Information Technology (IT) environment and procedures for the safe and secure exchange of information. Its legal basis consists in Articles 113 and 115 of the Treaty on the Functioning of the European Union (EU). The latter allows the Council to issue Directives for the approximation of the national legal frameworks which directly affect the establishment or functioning of the Internal Market, and provides the basis for the EU to act in the area of cross-border direct taxation. The former allows the Council to harmonise the legislation concerning, among others, other forms of indirect taxation, which can include certain levies on capital assets.

The Directive pursues three specific objectives, namely: (i) to improve Member States' ability to **fight cross-border tax fraud, evasion and avoidance**, the latter linked to forms of aggressive tax planning by multinational enterprises; (ii) to **reduce the scope for harmful tax competition**, namely through greater transparency in tax rules; and (iii) to **contribute to enhanced spontaneous tax compliance**, through the 'deterrent effect' resulting from the greater ability to detect cross-border incomes and assets.

The major innovation introduced by the original Directive (in short, DAC1) was the introduction of **mandatory AEOI on five categories of incomes and capital** (employment income -EI, pensions -PEN, director's fees -DF, ownership of and income from immovable property -IP, and life insurance products -LIP). DAC1 also upgraded the other modalities for enhancing information exchange among tax authorities, previously regulated by the Mutual Assistance Directive,² including EOIR, SEOI, and SC. It also introduces a new tool, that is the possibility for tax officials to be present in the administrative enquiries carried out by another tax authority (PAOE).

² Council Directive 77/799/EEC of 19 December 1977 concerning mutual assistance by the competent authorities of the Member States in the field of direct taxation.

The scope of the Directive **was progressively expanded through successive amendments**, partly triggered by developments at the international level. A first amendment, adopted in late 2014 (DAC2),³ extended the scope of mandatory AEOI to financial accounts held by non-residents on the basis of the Common Reporting Standard (CRS) format. A second amendment, adopted in late 2015 (DAC3),⁴ introduced the mandatory exchange of information on certain decisions adopted by national tax authorities, namely the cross-border advance tax rulings and advance pricing agreement. A third amendment, adopted in mid-2016 (DAC4),⁵ focused on AEOI in the area of corporate taxation, and introduced the obligation of Country-by-Country Reporting for multinational enterprises operating in the EU. Finally, a fourth amendment, adopted in late 2016 (DAC5),⁶ was intended to ensure that tax authorities have access to beneficial ownership information gathered in the context of the anti-money laundering legislation. The implementation of the Directive is supported by the **Fiscalis programme**, an EU spending programme aimed at enhancing cooperation between Member States' tax authorities in the field of tax policy.

4 IMPLEMENTATION ASSESSMENT

Transposition and preparation for implementation

The transposition of the Directive was in part late, but substantively unproblematic, while the intensity of preparatory activities shows major variations across the various provisions.

The Directive was generally smoothly transposed, and the few issues encountered concerned the timing of the transposition rather than the alignment of the national frameworks with the Directive provisions. On average, some 10 Member States were late in transposing the Directive and each of its amendments, resulting in 57 infringement procedures. However, 54 of these procedures have been closed, mostly at the very early stages, and only three remain pending; in no cases were Member States brought before the Court of Justice of the EU.

For all the Directive provisions, the implementation started about as planned and required a number of preparatory activities at EU and Member States level, in particular for AEOI. The implementation focused mainly on IT-related aspects, namely the development of the infrastructure and the formats for the exchange of data. The development has been managed by DG TAXUD in close collaboration with the Member States and involved planning activities, the setting-up of the technical and functional specifications, and the testing and rolling of the AEOI system. Only limited delays in the start of the various AEOI mechanisms were experienced. In this respect, the timely start of the DAC2 exchanges, despite the occurrence of last-minute technical issues, appears particularly positive.

Uptake

The Directive triggered the exchange of a substantial amount of information, covering significant amounts of taxpayers, incomes and assets, with a growing trend particularly for AEOI.

In 2016, the exchanges under DAC1 AEOI concerned around 7.5 million taxpayer positions and some € 50 billion of incomes, mostly concentrated in incomes from employment and pensions. Even though the exchange of information under DAC2 is in its early stage, in the first six months of operation information around 8.3 million accounts and € 2,865 billion of value (in terms of

³ Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

⁴ Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

⁵ Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

⁶ Council Directive (EU) 2016/2258 of 6 December 2016 amending Directive 2011/16/EU as regards access to anti-money-laundering information by tax authorities.

account balances) were communicated by the Member States. DAC3, which also was only recently implemented, led Member States to upload some 18,000 tax rulings in the Central Directory between July and December 2017.

With regards to tools and mechanisms other than AEOI, between 2013 and 2017, an average of 9,000 EOIR requests was sent per year. EOIR is used by all EU Member States, the largest senders of requests being Poland, France, and Germany. SEOI was also extensively used and the annual volumes varied from 10,000 to 80,000 messages per year between 2013 and 2017; however, most of these exchanges originated from a single country (the Netherlands). With respect to the other forms of administrative activities, their utilisation is uneven across the Member States. Over the period covered by the analysis, 229 PAOEs and 202 SCs were carried out, involving tax officials from 15 and 22 Member States, respectively.

For the mechanisms for which a diachronic comparison is possible, the uptake is on the rise, as expected. This is definitely the case for DAC1, with a near doubling of volumes between 2015 and 2016, and an expected further increase in 2017 (based on January-June data). In the case of DAC2, no comparison over time is possible, but the amounts reported have seemingly grown, when compared with the figures reported under the Savings Directive⁷. The number of EOIRs remained roughly stable between 2013 and 2017, but it has significantly increased after the adoption of the Directive in 2013 and is now about 85% higher than the pre-DAC level. While the involvement of Member States in SCs has been increasing from 2014 onwards, both in terms of the number of initiatives and of Member States participating, the involvement in PAOEs and SEOI follows an oscillating trend, with no clear pattern over time.

5 EVALUATION

Relevance

The Directive was relevant at the time it was adopted, and it still is today, as it tackles substantial problems by fighting tax evasion, as well as fostering tax compliance by cross-border operators, increasing transparency of fiscal treatments, and contributing to the fairness of the tax system and to the proper functioning of the Single Market. Furthermore, it responds to the needs of Member State authorities and is largely in line with the EU overarching fiscal policies. Across all these dimensions, the Directive's relevance scores well, with the marginal exception of the magnitude of some of the problems that it intends to tackle, and of the partially changing EU policy priorities over the last decade.

More in details, the magnitude of the problems addressed appears to be quite large for DAC3 and DAC4, which focus on corporate tax avoidance. Indeed, the estimates of the revenues lost by the Member States because of this phenomenon reach up to 1.7% of the EU Gross Domestic Product (GDP). The stakes are also significant with respect to the amount of assets held abroad that were reported under DAC2. These assets represent nearly 5% of the financial assets held by EU households and non-financial corporations. In some Member States, especially small- and mid-sized countries, the share can exceed 20% of these financial assets. On a different note, the tax base captured by DAC1 AEOI appears more marginal, as it represents a mere 0.3% of the EU Gross National Income (GNI), without major differences across countries. The geographical distribution of EI, PEN and IP flows is consistent with migration and investment patterns, suggesting that DAC1 AEOI is a faithful representation of the underlying economic reality.

The Directive was well aligned with the needs and priorities of the European Union at its adoption. DAC measures have been repeatedly mentioned as one of the most important EU tools for fighting against tax evasion and tax avoidance, foster tax compliance and a fair taxation of all companies and citizens, and these have been steadily among the top priorities for the Commission and EU citizens alike. Also through its latest amendments, the Directive remained

⁷ Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

relevant to EU priorities and needs until today. In the last communications from the EU, an increasing emphasis has been placed on corporate tax avoidance, on fighting aggressive tax planning, and increasing tax transparency. The inclusion of DAC3 and DAC4 provisions appears fully aligned to this evolution.

Finally, the appreciation of the fitness-for-purpose of the Directive and its mechanisms and tools is also positive. The Directive scores very well in terms of its appropriateness to tax authorities' needs, both overall and considering specific mechanisms. The tax authorities commented that a single 'most useful' tool is difficult to identify; rather, they tend to underline their positive assessment of the tools on which they are more experienced. Furthermore, the tax authorities strongly praise the Directive for providing a comprehensive set of tools and mechanisms for the exchange of information, from which the tool more fit for the purpose at hand can be selected, and which complement and reinforce each other. With respect to the other general objectives – improving the functioning of the Single Market and promoting fairness in taxation – the entire Directive and all its mechanisms are fit in theory, but in practice those targeted at corporate entities – DAC2, DAC4 and DAC5 – may progressively emerge as more relevant, given that corporate tax avoidance represents a higher priority for the EU and a larger scale phenomenon at present.

Effectiveness

The Directive has contributed to an improved ability to fight tax fraud, evasion, and avoidance, and the limited evidence available suggests that this has already started translating into incremental tax assessed. While the recent implementation of several of the provisions does not allow drawing firm conclusions, positive signals were recorded also as regards the Directive's potential in increasing spontaneous compliance through a deterrent effect. No elements have emerged yet as regards the effects on the reduction in the scope for harmful tax competition.

Undoubtedly, the Directive improved the ability of the Member States to fight against tax fraud, evasion, and avoidance, with respect to legal and natural persons operating, gaining incomes, or holding assets across multiple jurisdictions. This is unanimously acknowledged by the tax authorities, which appreciate especially the 'menu of options' that the Directive has created. Indeed, the various ACDT provisions have resulted in a toolbox, from which the tax officials can select the most useful tool for the case at hand or the objective to be pursued. Furthermore, the instruments supported by the Directive complement, trigger, and reinforce each other. This assessment is undisputed even considering that the quality and timeliness of certain data exchanges still present some flaws. At the same time, the national tax authorities are still learning how to best process and use the AEOI data received. The situation is positively evolving, as Member States are increasingly making use of the AEOI information and their ability to match it with national taxpayers' databases has also grown. However, as of 2017, not all Member States have started employing these data.

The Directive was also intended to contribute to reduce the scope for harmful tax competition, in particular via the amendments aiming at making the national tax systems more transparent, i.e. DAC3 and DAC4. On the latter, the first exchanges had just taken place, and hence no information on their outcomes is available. On the former, the evidence shows that the transparency of advanced rulings has increased. At the same time, this has so far not affected the behaviour of tax authorities in granting advanced tax rulings and pricing agreements, nor the attitude of firms demanding for these rulings.

In addition, the DAC mechanisms in general, and more specifically the AEOI, providing for the mass exchange of data about taxpayers at large, are expected to have a deterrent effect on taxpayers, thus increasing the spontaneous compliance with their tax obligations. On this effect, the evidence is not conclusive, due to the recent implementation of the AEOI mechanisms, and in particular of DAC2. However, tax authorities are already trying to take advantage of the deterrence, thus signalling the potential of AEOI in spurring spontaneous tax compliance. In particular, a number of actions have been launched by various Member States to invite taxpayers

to spontaneously comply when discrepancies are identified between their tax declarations and the data received via the AEOI. The results have seemingly been positive, although no quantitative analysis of the outcomes is available yet.

As for its general objectives, the Directive was designed to contribute to safeguard Member States' tax revenues. Although the analysis is constrained by the very recent implementation of several DAC provisions, as well as by the lack of data on benefits, the findings show that both AEOI and provisions other than AEOI have contributed to achieve this objective. In the six Member States for which data are available, in 2016 and 2017, DAC1 AEOI generated an estimated increase in the tax assessed of about € 92 million. The extent to which the additional tax assessed is going to translate into additional tax collected is unclear, as the exemptions and deductions applicable under double taxation treaties limit the potential revenues. No information is available on the additional tax assessed thanks to DAC2, DAC3, and DAC4, due to their recent implementation. Information on the benefits of activities other than AEOI is also quite limited, with only a handful of countries providing this information. The total value of benefits for the period 2014-2017 is in the order of € 532 million, with major differences among Member States. All in all, the benefits from activities other than AEOI appear much higher than those from AEOI, possibly also because those activities can be more easily linked to the outcome of an audit or investigation, and of the longer period covered by the data (four years compared to two for AEOI).

Very limited findings are available on the achievement of the other two general objectives – that is increasing tax fairness and promoting the proper functioning of the Single Market, as these impacts remain more elusive to capture even for informed stakeholders, who, during the targeted consultations, could hardly comment on these aspects. Notwithstanding the limited number of replies, from the Public Consultation, it results that the Directive is considered as having positively contributed to increasing the fairness of the tax systems, so that companies active cross-border and individuals with incomes from or assets in another Member State are more likely to pay their fair contribution. In line with this, the Directive's role in ensuring that cross-border companies do not enjoy an undue advantage – so that the Single Market functions more properly – is also praised by the Public Consultation respondents.

Efficiency

The Directive generated compliance costs and administrative burdens for Member States, economic operators (particularly financial institutions), and taxpayers. Data are too limited in order to draw firm conclusions on the cost-effectiveness, although in the medium term the Directive is estimated to generate net benefits.

The compliance costs quantified for 2015-2017 amount to nearly € 145 million. Most of the costs come from the AEOI mechanisms, whose deployment and operation required about € 130 million from national budgets, and an additional € 13 million of EU support. The costs were largely incurred for the development of the IT systems (about 85% of the costs so far). IT compliance costs for financial operators to comply with the DAC2 provisions are also likely to be significant, and some independent sources estimate them at ten times the costs borne by the tax authorities, although a detailed assessment could not be provided. The fulfilment of the Directive's reporting obligations by Member States requires about 12 person/days per year in each country, and the total annual administrative burden at EU level thus amounts to around € 80,000.

In terms of cost savings, as reported by the tax authorities in the targeted consultation, the Directive has improved the efficiency of the EOIR mechanisms, because of the standardisation introduced by the e-forms and the common communication network. These IT tools made preparing, handling, and processing the requests for information faster and easier, compared with both the pre-Directive environment, and the mechanisms available under other legal frameworks. However, no quantification of the efficiency gains for tax authorities was possible, since the time and effort required to prepare and handle an EOIR and retrieve the information required vary widely on a case-by-case basis, in particular depending on whether a local tax office needs to be alerted, whether an interaction with the taxpayer is needed, and through

which modality. Differently, the burden reduction enjoyed by taxpayers tanks to the pre-filling of tax declarations made possible by the AEOI could be quantified, and are estimated in the range of € 0.5-1 million per year.

An assessment of the cost-effectiveness of the Directive is complicated, for four reasons: (i) a temporal hiatus between costs, incurred up-front, and benefits, which are slowly materialising; (ii) the lack of sufficient data on additional tax assessed, as they are only available from nine Member States; (iii) the significant variations in reported additional tax base or assessed, which may indicate the presence of outliers; and (iv) the impossibility to accurately disentangle the costs for tax authorities and financial institutions due to DAC2 to those generated by the implementation of the CRS and Foreign Account Tax Compliance Act (FATCA) framework. Hence it is not yet possible to provide a definitive judgment on whether the outcomes achieved were commensurate with the costs incurred at EU level.

With all these caveats in mind, the Study does provide an estimation of whether, in the countries for which benefit data are available, the net benefits that the Directive has generated so far are positive or not. In all these Member States, the regulatory costs borne by the public authorities for implementing the DAC are lower than the additional tax assessed. Even when considering also the likely costs for financial institutions, benefits can be assessed to have overcome the costs in most cases. It is thus likely that, over the 2015-2017 period, the Directive has generated positive net benefits, when measured in terms of additional tax assessed.

Since a large share of the costs due to the AEOI systems have already been borne and considering that the benefits will grow the more the tax authorities effectively use the data received, over the medium-to-long term the net benefits can be reasonably expected to grow. At the same time, given that there is yet no information on the extent to which additional tax assessed will create additional tax revenues, and given this availability of data on benefits, the degree of uncertainty of this assessment remains significant.

Coherence

No major issues of coherence have emerged from the assessment, both internal to the Directive and external with respect to other adjacent pieces of legislation.

The good internal coherence of the Directive is noteworthy, given that it has been subject to repeated and frequent amendments. None of the various definitions and legal standards is a recurrent cause of impediments to the exchange of information among tax authorities. The common understanding of the Directive's provisions and their smooth implementation is also eased by the common reliance on the Organization for Economic Co-operation and Development (OECD) explanatory documents. Some minor drawbacks were identified with respect to the coherence of the Directive with the administrative cooperation in the field of Value-Added Tax,⁸ which becomes particularly evident when the same activity covers both direct and indirect taxes. No negative interactions were identified with the Recovery Directive.⁹ As far as the anti-money laundering legislation is concerned, the differences in the legal definitions under the two frameworks could have limited the potential synergies with DAC2 and DAC5, and caused some overlapping compliance efforts during the early implementation of DAC2/CRS. Finally, although the OECD framework and the EU legislation are well aligned, the tax authorities indicated some burdensome discrepancies, e.g. between the DAC3 and Base Erosion and Profit Shifting framework, between the technical specifications under DAC2 and CRS, and between the deadlines for EOIR.

⁸ Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax.

⁹ Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures.

EU Added Value

The EU action in the area of ACDT has generated an added value compared to its possible alternatives, particularly when DAC1 AEOI and the increased efficiency of provisions other than AEOI are concerned.

First, the Directive resulted in additional benefits, the EU added Value of which could in part be quantified. Indeed, the benefits reported for DAC1 derive from an EU intervention which does not have any counterpart among the international initiatives and would have not been undertaken by Member States spontaneously. In six Member States for which data are available, the EU added value of this mechanism amounted to € 92 million of additional tax assessed in 2016 and 2017

Secondly, the Directive has resulted in efficiency gains, concerning DAC1, DAC2, and DAC3 exchanges, which are especially pronounced for DAC1 provisions other than AEOI. With respect to the latter, the e-forms and common communication network that were introduced to implement the Directive represents a clear advantage for the EU framework compared to the other international activities, and these would not have been deployed, had the EU action not been undertaken.

The additionality of the EU intervention in the area of ACDT is not only due to the Directive, but also to the EU budget support provided via the Fiscalis programmes, which enhanced the value-for-money of the expenditures on IT infrastructure and software because of the economies of scale due to acting at the central level. Secondly, these programmes have also augmented the capacity of the Member States to participate in SC and PAOE, increasing the instances in which these tools were deployed.

6 POSSIBLE WAYS FORWARD

There is a limited appetite for further changes to the Directive in the short term, as none of the revisions discussed with the tax authorities gained a vast support.

During the targeted consultation, the tax authorities were invited to comment on a list of possible revisions to the Directive, and namely: (i) the mandatory inclusion of the tax identification number of the residence country in the DAC1 AEOI records; (ii) the removal of the acknowledgement of receipt for EOIR and SEOI; (iii) the combination of Articles 6 and 11 on "Administrative enquiries" and "Presence in administrative offices and participation in administrative enquiries"; (iv) the explicit introduction of "joint audits"; (v) the removal of the availability clause in DAC1 AEOI (hence making the exchange of data on certain incomes and assets mandatory); and (vi) the inclusion of new income categories under DAC1 AEOI; (vii) the need to clarify a number of Directive's definitions and legal standards, such as the difference between taxes and fees, the standard of foreseeable relevance, the handling of group requests, or the possibility to use ACDT information for purposes other than taxation. The tax authorities and the other stakeholders could also indicate any additional revision that they considered necessary.

None of these revisions gained vast support among the tax authorities. This is possibly an unintended effect of the fatigue caused by the repeated amendments introduced since the adoption of the Directive. Also, as it emerged during the Study, several of the provisions of the Directive are still relatively under deployed (e.g. PAOE), and their potential remains not fully exploited. This explains the focus of the authorities on learning and exploiting the mechanisms currently at their disposal, rather than on modifying them or adding additional ones. The only revision receiving the support of most of the tax authorities would be the non-mandatory inclusion of additional income categories in DAC1 AEOI. The Evaluation findings also confirm that, in the short-term, there are no pressing issues which would require a legislative intervention.

The tax authorities would also avoid re-opening the Directive to clarify its definitions and legal standards. Although clarifications would be largely welcomed, should better be introduced by means of non-binding guidelines. More importantly, any revision or clarification needs to be coordinated with the framework for administrative cooperation in the field of indirect taxes and the OECD standards.

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