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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

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To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Subject: REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the evaluation of Council Directive 2011/16/EU on administrative cooperation in the field of taxation

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Delegations will find attached document COM(2025) 695 final.

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COM(2025) 695 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**on the evaluation of Council Directive 2011/16/EU on administrative cooperation in the  
field of taxation**

{SWD(2025) 365 final}

## 1. Introduction

The EU remains committed to strengthening the fight against cross-border tax fraud, evasion and avoidance in order to ensure that the fair share of taxes is paid in the EU. This requires effective cooperation between the Member States' tax administrations.

Direct taxation rules are mostly governed at national level, but businesses operating in a globalised economy have greater opportunities to exploit inconsistencies between rules in order to shift profits and avoid taxation, thus damaging other countries' tax bases. The increasing mobility of people and capital has made it easier for individuals to work and invest in other EU Member States. This evolving landscape poses ongoing challenges to tax administrations because taxpayers in the EU are normally required to declare their global income in their country of residence. National tax administrations cannot act alone effectively in such circumstances, so EU-wide cooperation is necessary.

Since the adoption of Directive 2011/16/EU (the DAC or [DAC1](#)), considerable progress has been made in providing Member States with comprehensive harmonised tools to ensure that they can cooperate efficiently in the area of direct taxation. These tools include exchange of information (on request, automatic and spontaneous) as well as other cooperation instruments (presence in administrative offices or during administrative enquiries, simultaneous controls and joint audits).

The introduction of **automatic exchange of information (AEOI)** i.e. the systematic communication of pre-defined information from the tax administration of a Member State to the tax administration of another Member State without prior request **is one of the most significant developments in administrative cooperation.**

The EU has been a frontrunner in this respect and, since 1 January 2015, information has been automatically exchanged, on five categories of income and capital i.e. income from employment, pensions, directors' fees, life insurance products, and ownership of and income from immovable property (DAC1)<sup>1</sup>. These are information that tax authorities should in principle have in their systems and are, more or less, readily available to them. The DAC has since been amended to expand the scope of AEOI, in line with international developments, to include: (i) financial account information ([DAC2](#))<sup>2</sup>; (ii) cross-border tax rulings and advance-pricing agreements ([DAC3](#))<sup>3</sup>; (iii) country-by-country reports (CbCR) ([DAC4](#))<sup>4</sup>; (iv) reportable cross-border arrangements that indicate potential tax avoidance) ([DAC6](#))<sup>5</sup>; (v) income received from use of platforms ([DAC7](#))<sup>6</sup>; and (vi) crypto assets and e-money ([DAC8](#))<sup>7</sup>. Other amendments have authorised tax authorities to access certain anti-money-laundering information ([DAC5](#)) and, extended the scope of AEOI to include royalties, non-custodial dividends and cross-border rulings related to individuals. The

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<sup>1</sup> DAC1 AEOI first exchange by 30. 6. 2015 for the year 2014.

<sup>2</sup> DAC2 first exchanges by 30. 9. 2017 for the year 2016.

<sup>3</sup> DAC3 first exchanges by 30. 9 2017, central directory in use since January 2018.

<sup>4</sup> DAC4 first exchanges by 30. 6. 2018 for the year 2016.

<sup>5</sup> DAC6 first exchanges by 31. 8. 2020.

<sup>6</sup> DAC7 first exchange by 29. 2. 2024 for the year 2023.

<sup>7</sup> DAC8 first exchange by 30. 9. 2027 for 2026

latest amendment ([DAC9](#))<sup>8</sup> provides for the exchange of information required by the [Pillar Two Directive](#).

The expansions of the scope of AEOI after DAC1 was coupled with the introduction of **harmonised reporting obligations** for specific categories of entities (e.g. financial institutions, multinational companies, tax intermediaries, digital platform operators, etc.) which are required to share the information with their tax administrations so that they could, in turn, exchange it among themselves. Information is exchanged between Member States using **common IT schemas and common IT infrastructures** which are provided by the Commission, and which ensure confidentiality and privacy. While information is generally exchanged on a bilateral basis, as far as DAC3, DAC6 and DAC8 are concerned, information is exchanged via a central directory to which all Member States have access.

## 2. Evaluation conclusions

Article 27 of the DAC requires the European Commission to submit a report on its application to the European Parliament and the Council every five years from 1 January 2013.

At the end of 2017, the Commission published its [first multiannual report on DAC](#). This was followed by a [report on automatic exchange of information in December 2018](#). The Commission published first comprehensive [evaluation](#) of DAC in 2019, covering the period from 2013 to 2017. The key findings of the evaluation were that (i) the DAC provisions were implemented but not all of the measures were implemented effectively; (ii) the exchange of information under DAC had significantly increased the amount of data available to tax administrations but their capacity to manage this data had not increased at the same rate; and (iii) the assessment of benefits was extremely limited due to the lack of available statistical information.

This second evaluation report covers the period from **2018 to 2023**. It is supported by an accompanying staff working document (the [SWD](#)) which is based on the findings of an external [study](#), the results of public and targeted consultations undertaken by the Commission, data provided by Member States and other inputs such as the outcome of relevant work undertaken under the Commission's Fiscalis programme.

The scope of the present evaluation includes all the amendments to the **DAC up to and including DAC6**. Only qualitative information is provided for DAC7 because the first relevant exchanges only took place in February 2024 and complete statistical information is therefore not yet available. This evaluation does not consider later amendments to the DAC. In addition, as a result of the amendments to Article 27(2) of the DAC introduced by DAC8, the current evaluation also covers the relevance of the DAC6 hallmarks for the exchange of information on potentially harmful cross-border arrangements.

The evaluation concludes that the DAC provides a **robust, evolving and relatively agile legal framework** that facilitates **close administrative cooperation** between Member States tax authorities. Overall, the DAC mechanisms have **effectively** and **efficiently** contributed to strengthening Member States' ability to fight tax fraud, evasion and avoidance. The cooperation

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<sup>8</sup> DAC9 first exchange from 1. 12. 2026 for the year 2024.

framework provided by the DAC works efficiently but this is at the cost of **major efforts and investments** on the part of the various stakeholders, notably Member States' tax authorities and the business. The DAC is broadly **coherent** with other relevant EU and international initiatives, provides **EU added value** compared to national or bilateral solution and is still very **relevant** as a policy intervention.

An overview of the **main results** of the evaluation on each of the five Better Regulation criteria is provided below.

### **Effectiveness**

The evaluation concludes that the DAC has facilitated the exchange of **substantial volumes of information that are increasingly matched and used by tax authorities**, both for risk assessment and control purposes and to foster voluntary taxpayer compliance, which has a positive effect on Member States' tax bases and revenues.

**Timeliness, completeness and quality** of the information are the three main driving factors of effectiveness as they influence Member States' ability to use the information received. The analysis shows that, especially the information received from DAC1 and DAC2 exchanges, is generally timely, complete and of good quality, enhancing tax authorities' capacity to monitor cross-border activities.

As far as DAC3 and DAC4 are concerned, while the information exchanged is generally timely, there are some issues related to the completeness of the information, particularly due to incomplete TINs and insufficient detail in the summaries of advance cross-border rulings. Some issues have also been identified in relation to the quality and completeness of DAC6 information.

### **Efficiency**

The DAC presents a positive cost-benefit ratio, where **the costs associated with the DAC are commensurate with the benefits generated**.

The **annual recurring adjustment costs** and **administrative costs** related to the DAC are estimated at approximately **EUR 646 million** for all stakeholders (i.e. private stakeholders and tax authorities).

A large part of the administrative costs is accrued by business (**EUR 604 million**), with the largest share relating to DAC2 reporting obligations (**EUR 550 million**). The annual costs on tax authorities are approximately **EUR 42 million**, the greater part of which is linked to AEOI. For tax authorities, DAC1 and DAC2 generate the highest costs.

The DAC's overall **benefits** are estimated at around **EUR 6.8 billion per year**.

Specifically, considering the central estimates, AEOI under DAC1 and DAC2 is estimated to generate around EUR 1.2 billion per year in EU tax benefits, while DAC4 is estimated to contribute to an additional EUR 5.6 billion per year in tax revenues. These benefits flow to national tax authorities.

## **Coherence**

The evaluation concludes that the DAC is **broadly coherent with other relevant EU initiatives** and that it complements the objectives of other EU measures that target money laundering and terrorist financing ([the AML Directive](#)) and VAT fraud ([Council Regulation \(EU\) 904/2010](#)). It also notes that further synergies with those measures could be explored.

The DAC is also **broadly aligned** with the information-reporting and exchange standards developed at **international level**. This alignment ensures consistency in the approach Member States take towards international tax compliance. By aligning with international standards, the DAC facilitates integration into broader international tax cooperation efforts, thereby enhancing its effectiveness in curbing tax evasion and avoidance on a global scale.

## **EU Added Value**

The DAC provides **substantial EU added value** by establishing a harmonised framework for tax cooperation that surpasses other existing national or bilateral solutions in scope and effectiveness.

Firstly, the DAC facilitates comprehensive data sharing among all Member States, in a way that is fully aligned with the provisions of the [General Data Protection Regulation](#) (GDPR).

Secondly, by mandating automatic exchange of information, the DAC ensures that all Member States have access to critical tax information. This significantly reduces opportunities for tax avoidance strategies that exploit disparities between national tax systems and enhance transparency across the entire EU.

Thirdly, the common IT infrastructures established under the DAC streamline the exchange processes, reducing administrative burdens, costs and inefficiencies associated with bilateral agreements. This setup also strengthens mutual trust and cooperation between tax authorities.

Finally, in relation to international standards, the DAC ensures a coordinated approach to implementation and application which safeguards the functioning of the Internal Market.

## **Relevance**

The DAC remains **highly relevant and critical** to the fight against tax evasion, avoidance and aggressive tax planning as it is a flexible tool that allows for integration of new areas for cooperation and new exchanges of information when the need emerges.

As economies become increasingly interconnected, new business models emerge and digital platforms proliferate, traditional tax systems face new obstacles in tracking income and ensuring compliance. By constantly evolving to include new components such as DAC7, which targets income from digital platforms, or DAC8 that ensures transparency in the area of crypto assets, the directive has remained relevant and effective in addressing the new challenges brought about by modern economic realities.

Moreover, the DAC's alignment with global standards ensures that the DAC's objectives complement international efforts to create a level playing field in global tax compliance. By doing

so, the DAC not only enhances the ability of EU Member States to combat tax avoidance and evasion but also strengthens the EU's position in global tax policy.

### **3. Lessons learned**

The evaluation has highlighted the following lessons learned.

*The DAC legal framework is robust, but fragmentation of application across the EU increases the administrative burden on business*

The evaluation concludes that the DAC's legal framework is robust but that the frequency of amendments since 2011 has made the legal text more complex and less user-friendly.

The current evaluation is the first opportunity for an in-depth analysis of DAC 6. This has in turn prompted most feedback from stakeholders. Private stakeholders and tax authorities alike agree that DAC6 is the most challenging part of the DAC to apply due to its complexity and the scope for differing interpretation by the Member States. Some issues may decrease with time (e.g. overreporting and underreporting), but they are unlikely to disappear altogether due to a lack of harmonisation of taxation policy across the EU. It should also be noted that some provisions (e.g. the 'main benefit test' and some hallmarks) were drafted broadly in order to ensure sufficient coverage of all potential harmful cross-border arrangements. This creates interpretative challenges for both Member States and intermediaries, leading to the DAC being inconsistently applied and therefore to legal certainty and level playing field issues, which in turn increase administrative burden. The European Court of Auditors (ECA) has also highlighted the inconsistent application of DAC6 in its November 2024 special report on '[Combating harmful tax regimes and corporate tax avoidance tax regimes and corporate tax avoidance](#)'. Finally, business stakeholders and, to a lesser extent, tax administrations consider some of the DAC6 hallmarks to be no longer fit for purpose.

*The penalties framework for non-compliance with reporting obligations under the DAC varies considerably between Member States*

Article 25a of the DAC requires Member States to implement 'effective, proportionate and dissuasive penalties' for non-compliance by reporting legal entities and natural persons under DAC2, DAC4 and DAC6.

In its January 2021 special report on '[Exchanging tax information in the EU](#)', the ECA highlighted the risk that the penalties applied by Member States do not create a sufficient deterrent effect to ensure full compliance with the DAC2 reporting requirements. The Commission analysed Member States' penalties regimes as part of the impact assessment for DAC8 and made a proposal as part of DAC8 to introduce minimum penalties for reportable offences. However, the Council did not accept this amendment.

The evaluation concludes that the issue remains relevant. The ECA's November 2024 special report supports this conclusion. The ECA recommended that the Commission should initiate infringement proceedings in cases where there is sufficient evidence that Member States are implementing a manifestly inadequate penalty system for breaches of the DAC6.

*The quality of data has improved, but identifying taxpayers is still an issue for some exchanges*

The quality of the data improved between 2018 and 2023, especially for DAC1 and DAC2, and this is noted as one of the most significant developments since the previous evaluation. As regards DAC3 and DAC6, the main issue is the use of abstract data received in free-text format.

Specific to DAC6, the reporting schema does not mandate the identification of non-EU countries involved in a cross-border arrangement. It is therefore difficult for the Member States to ascertain whether non-EU jurisdictions are involved and, if so, to identify them.

Despite the progress made, there are still issues with the matching of data. The study reports that a small percentage (between 5-15% for DACs 1-4) of data cannot be matched. Inability to match data means that tax administrations have to request or provide manual feedback to other Member States. This is disproportionately resource-intensive and expensive and significantly increases the administrative burden on tax administrations.

*The use of data is widespread (while not systematic), but administrations should be made more accountable for how DAC data is used*

The Member States significantly increased their use of the data received under the DAC during the evaluation period, but the situation is not the same for all DACs. Tax authorities make extensive use of DAC1 and DAC2 information to establish or re-assess tax bases or to corroborate taxpayers' tax returns, but the data exchanged under DAC3, DAC4 and DAC6 is more suitable to risk analysis tasks that are intended to identify the existence of a tax evasion scheme.

There has been a reported increase in the use of the data received, but Member States are not effectively monitoring or publishing the outcomes resulting from the use of data. The 2021 ECA report identified the need to increase the transparency and visibility of the achievements and results obtained under the DAC. The ECA called for a common EU framework to monitor administrative cooperation activities in order to better measure the outcomes. However, while greater transparency is desirable, it is understood that it is difficult to accurately attribute results to data received under DAC, mainly because national tax administrations do not use the data in isolation. In fact, the data is usually combined and supplemented with national data to provide a more complete picture of a taxpayer's situation. For instance, risk assessments carried out by Member States' tax administrations may build on information from national sources as well as from several DACs. The risk assessment itself may not lead to increased tax revenue or any quantifiable result.

*The IT information-exchange systems work but require a significant allocation of resources to operate them*

Overall, the information systems made available by the Commission and the Member States have not been directly criticised. However, the frequency of amendments since 2011 has put pressure on both Member States and stakeholders when setting up and maintaining information-reporting and exchange systems.

The DAC provides one single harmonised reporting framework, but separate IT architecture must be developed in each Member State, and this requires significant cost and resources for all

stakeholders. There is therefore a strong interest in a comprehensive digital transformation, with a view to simplifying procedures and reducing costs.

#### **4. Way forward**

Based on stakeholder input and the lessons learned in the evaluation exercise, the Commission will, as appropriate, explore or take, in consultation with the relevant stakeholders, the following actions to further improve the DAC's functioning, thereby ensuring that it fully achieves its objectives.

##### *Simplifying the DAC and ensuring its consistent application to reduce administrative burden*

Combating tax evasion, avoidance and aggressive planning remains very high on the Commission's agenda for ensuring fair taxation and a well-functioning internal market. However, a clearer, simpler and more coherent framework which is interpreted and applied consistently across the Member States will improve the EU's competitiveness by reducing administrative burden and increasing legal certainty for stakeholders. Three measures will help to achieve these objectives.

Firstly, it is crucial to make the different DAC legal texts clearer by consolidating them.

Secondly and in the context of the wider simplification agenda, the Commission will assess the scope for increasing the overall internal coherence of the DAC legal framework – by eliminating possible duplications and inconsistencies, and by exploring the options to streamline or eliminate reporting obligations that could be unnecessarily burdensome.

As regards DAC6, the Commission will carefully analyse and assess the need for possible amendments, particularly to the existing hallmarks, which could be clarified and streamlined while ensuring that the system remains robust in its objectives and is not weakened by the amendments. The Commission will also explore the feasibility of integrating into the simplified DAC framework the principles and concepts extensively examined by Council under the former [UNSHELL](#) proposal.

Thirdly, to reduce discrepancies in the DAC's interpretation and application by Member States, the Commission will (in cooperation with the Member States) develop and then publish EU-level guidance on the most recent amendments to the DAC. It will do this more systematically for any future amendments.

##### *Improve the penalties framework for the DAC*

A robust penalties framework is essential in order to ensure compliance with the reporting obligations under DAC2, DAC4 and DAC6. Discrepancies in the penalties framework introduced by Member States risk undermining the level playing field and can result in an uneven application of the DAC across the EU.

To address this issue, the Commission is ready and willing to engage with Member States to assess the penalties regimes in place and to identify ways in which these could be improved, in accordance with the obligations under EU legislation.

### *Ensuring full identification of taxpayers by means of an EU tax identification number (TIN)*

Additional work is required so that Member States' tax administrations can make further progress in matching the data received by means of information exchange and ensure a more automated identification of taxpayers. The aim is to achieve a 100% matching rate.

The crucial role of the taxpayer identification number (TIN) in identifying taxpayers means that it is appropriate to explore a more coordinated approach for taxpayer identification at EU level. The Commission recently launched a study on a possible solution to the TIN issue. The study will assess the legal and technical feasibility as well as the potential costs/benefits of establishing a common identifier (an EU TIN), based on existing identification numbers. The study will also explore ways to provide a centralised tool to enable tax authorities and economic operators to validate the conformity of the EU TIN and check the identity of the taxpayer in a less resource-intensive way by using automated tools.

### *Increasing the systematic use of data and developing better traceability*

Tax administrations need to more systematically use the data received under the DAC for domestic tax procedures. Without routine use, most of the costs remain but the benefits are not maximised.

Some information received under the DAC is used to pre-fill tax returns. This is a recommended use of data and should be encouraged, but it requires the receipt of timely high-quality data and an efficient matching mechanism. More generally, data received from DAC should automatically feed into national risk analysis systems. This requires design improvements for national risk analysis systems, considering best practices, and exploring techniques and technologies that enable real-time use of DAC data. This further emphasises the quality of IT infrastructures in the Member States and their capacity to accommodate such systems.

Improving the estimation of the results of administrative cooperation in the EU requires the implementation of indicators and follow-up work to raise public awareness. The Commission will consider ways to make the use of the key performance indicators for measuring the outcome of DAC1-4 that were agreed at the Tax Administration European Union Summit (TADEUS) more binding. Member States are also encouraged to develop initiatives to raise awareness of the role and outcome of administrative cooperation (particularly AEOI).

The annual report on the outcome of the administrative cooperation in direct taxation should include a summary publication of the outcomes and impacts of use of exchanged data.

### *Enhancing tax compliance and efficiency through digital transformation*

Digital transformation is an important driver to improve the efficiency of tax administrations. It could be used to further increase the interoperability of information systems to ensure that Member States' systems can communicate effectively with each other and with reporting persons.

Looking ahead and with a view to simplifying and rationalising the existing IT architecture that supports the reporting and exchange of information under the DAC, the Commission could explore the feasibility and assess the costs/benefits of developing a more centralised approach. This could consist in setting up a single access point for exchanging and, potentially, also reporting

information under the DAC. That would replace the need for tax administrations to frequently exchange information. It would also make it possible to centrally identify reporting entities so that information would only have to be reported once.

Such a central system could bring significant savings both for Member States and for reporting entities persons because it would allow economies of scale and a rationalisation of IT investment. It could increase the overall agility of the IT reporting and exchange framework because changes could be implemented faster on a single framework than on the 27-Member-State IT framework. It could also contribute to achieving other objectives related to the DAC, particularly in terms of enhancing data quality.

## **5. Conclusions**

The DAC provides a robust legal framework which has facilitated the exchange of substantial volumes of information that is increasingly being matched and used by tax authorities (both for risk assessment and for control purposes) and has fostered voluntary taxpayer compliance. The DAC works effectively and efficiently, and the costs associated with it are commensurate with the benefits generated. The DAC is broadly coherent, it has added value compared with national and international alternatives and it remains very relevant to achieving its objectives.

Despite the substantial progress made since the previous evaluation, there are still several areas where further work should be done in the short term to further enhance the DAC's functioning, while reducing the administrative burden on business. This can be achieved through (i) well-designed simplification (without undermining the DAC's objectives); (ii) improving the penalties framework related to the DAC; (iii) facilitating the automatic reconciliation of DAC data with national data; and (iv) ensuring the consistent application of the DAC across the EU. Work should also continue in order to enhance the use of data and to design a robust and automatic identification of taxpayers.

In the long term, it will be necessary to explore how to rationalise IT systems and better exploit the digital transformation to improve risk analysis while also ensuring cost-savings for Member States and reducing the administrative burden on business.