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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Tax Questions (High Level)
Subject:	Note on the Commission's report on the evaluation of Council Directive 2011/16/EU on administrative cooperation in the field of taxation

In view of the meeting of the Working Party on Tax Questions (High Level) on 27 January 2026, delegations will find attached a note from the Presidency on the 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.

**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**

Note from the Presidency

On 19 November 2025, the Commission submitted a report to the Council on the evaluation of Council Directive 2011/18/EU on administrative cooperation in the field of taxation (DAC) (ST 15663/25), in accordance with Article 27 of the DAC which requires the Commission to submit a report on its application to the European Parliament and the Council every five years from 1 January 2013.

The report is the second one and it covers the period from 2018 to 2023. It is accompanied by a staff working document (ST 15663/25 ADD 1). The scope of the report includes all the amendments to the DAC up to and including DAC 6.

According to the report, DAC mechanisms have effectively and efficiently contributed to strengthening Member States' ability to fight tax fraud, evasion and avoidance by facilitating the exchange of substantial volumes of information in a timely manner and in a cost effective way commensurate with the benefits generated.

Additionally, DAC is broadly coherent with other relevant EU initiatives such as the Anti-Money Laundering Directive and the fight against VAT fraud. It is also broadly aligned with the information reporting and exchange standards developed at international level which has further enhanced its effectiveness in curbing tax evasion and avoidance on a global scale.

DAC also brings EU added value by establishing a harmonised framework for tax cooperation and facilitating comprehensive data sharing among Member States thus reducing administrative burdens, costs and inefficiencies associated with bilateral agreements.

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. It 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 as needed.

However, the report highlights several areas of improvement.

Firstly, even though DAC's framework is robust its frequent amendments have made the legal text more complex and less user-friendly. Secondly, the penalties framework for non-compliance with reporting obligations under the DAC varies considerably between Member States which does not provide sufficient deterrent effect to ensure full compliance with the reporting requirements. Thirdly, even though the quality of data has improved, identifying taxpayers remains an issue for some exchanges under DAC 3 and DAC 6. Fourthly, the use of the data received under the DAC has increased significantly but not in the same way for all DACs and the data is supplemented with national data which does not allow to accurately measure the achievements and results obtained under the DAC. Lastly, the IT information exchange systems require a significant allocation of resources to operate them, therefore a significant digital transformation to simplify procedures and reduce costs could be envisaged.

The report also identifies several actions which should be done in the short term to further enhance the DAC's functioning, namely: (i) simplifying the DAC by eliminating the applications and inconsistencies, and by streamlining or eliminating burdensome reporting obligations; (ii) improving the penalties framework; (iii) facilitating the automatic reconciliation of DAC data with national data; and (iv) ensuring the consistent application of the DAC across the EU.

In a longer term, the existing IT architecture could be simplified and rationalised which would increase the interoperability of information systems and enhance data quality while ensuring cost savings for Member States and reducing the administrative burden on business.

The Presidency invites delegations to exchange views on the following questions:

- 1) Do you agree with the findings in the report ?
- 2) What other actions could be envisaged to improve the functioning of the cooperation between Member States' tax administrations?
- 3) Do you have additional suggestions on the current automatic exchange of information policy choices in view of the upcoming DAC recast?