OECD Centre for Tax Policy and Administration
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Business at OECD (BIAC) Response to the Public Consultation Document: Proposed Targeted Amendments to the Model Reporting Rules for Digital Platforms

Dear Colleagues

Business at OECD (BIAC) appreciates the opportunity to provide input on the OECD Public Consultation Document on Proposed Targeted Amendments to the Model Reporting Rules for Digital Platforms (MRDP). As the MRDP implementation has matured, practical experience has highlighted areas where simplification, harmonization, and technical updates can significantly improve efficiency for both tax administrations and platform operators. We welcome the opportunity to continue the dialogue with the OECD in this important area.

Established in 1962, *Business at OECD* (BIAC) is the officially recognized institutional business stakeholder at the OECD. It stands for policies that enable businesses of all sizes and sectors to contribute to economic growth, sustainable development, and societal prosperity. Through Business at OECD, national business and employers' federations representing over 11 million companies provide perspectives to cutting-edge OECD policy debates that shape market-based economies and impact global governance. Business at OECD's expertise is enriched by the contributions of a wide range of international sector organizations.

The following are our members' priority recommendations for the final guidance:

Executive Summary and Key Recommendations

1. **Low-Value Goods Exclusion Threshold:** We strongly support removing the 30-transaction activity threshold and recommend setting the monetary exclusion threshold at EUR 5,000. This is consistent with the legislative intent of the EU DAC recast, which prioritizes expanded de minimis carve-outs to keep platform compliance proportionate. We recommend that the threshold change be published at least 12 months before taking effect to allow Platform Operators sufficient lead time to update reporting systems and operational processes. We further request that a simplified exclusion threshold apply for **low-value personal services** transactions

2. **Intermediary Seller Cascade Reporting:** The obligation for reporting should be placed on the intermediary - the entity with direct knowledge of its own Sellers. However, the proposed cascade mechanism risks creating impracticable complexity for primary platforms without improving reporting outcomes. Further, the Commentary should provide clear liability protections for primary platforms acting in good faith in relying on self-certifications provided by intermediary sellers.

3. **"Material Economic Risk" Safe Harbour:** The proposed paragraph 6bis safe harbour is a welcome limiting principle. Additional safe harbours should be introduced to cover embedded commerce, checkout-as-a-service, technology infrastructure providers, and customer-side AI agents. The Commentary should clarify what constitutes "material economic risk."

4. **Platform and Platform Operator Definitions:** Definitional clarifications are broadly supported. We recommend that the Commentary explicitly confirm that technology infrastructure and SaaS providers are not "making available" a Platform where the merchant retains Seller of record status.

5. **Exclusion of Related Entities:** We welcome the formal exclusion of Related Entities to prevent redundant reporting on internal corporate transactions. To ensure practical implementation, we recommend the adoption of a streamlined annual summary declaration for platform operators to demonstrate Excluded Platform Operator status.

6. **Real Estate and Services Exemption:** We recommend adjusting the 2,000 Relevant Service Hotel exemption threshold (e.g., lower to 750 Relevant Services or reframe as "nights booked") to reflect cross-platform listing realities.

7. **Operational and Implementation Challenges:** We recommend using this amendment cycle to address operational friction in the existing MRDP framework. For example, establishing a minimum 12-month implementation window, deploying centralized automated Taxpayer Identification Number (TIN) verification tools, extending the annual reporting deadline from January 31 to February 28, introducing standardized default values for missing Business Registration Numbers (BRNs), and ensuring that reporting obligations do not apply, and no penalties arise, in respect of jurisdictions for which Multilateral Competent Authority Agreement on Automatic Exchange of Information on Income Derived through Digital Platforms (DPI-MCAA) exchange relationships are not active.

Detailed Comments

1. Excluded Sellers Solely Selling Low-Value Goods

Paragraphs 1–3; Section I(B)(4)(d) and Optional Module

We strongly support the proposal to simplify the exclusion threshold for sellers engaged solely in low-value goods transactions by removing the 30-transaction activity threshold. The current rules capture a very large number of sellers who are highly unlikely to incur any tax liability, notably private individuals selling second-hand goods on an occasional basis. This generates disproportionate reporting, data collection, and processing burdens for both platforms and tax authorities.

We recommend increasing the consideration threshold to EUR 5,000. This level delivers material compliance simplification for platform operators while fully preserving tax authority coverage and revenue. More importantly, raising the threshold would result in a negligible reduction in reportable consideration (business estimates less than 10 basis points), yet provides immediate administrative relief to thousands of casual sellers.

In addition:

- A higher threshold reduces **downstream seller notification burdens**, including post-submission adjustments, in jurisdictions requiring platforms to notify sellers of reported data, a compliance cost that compounds across multiple implementing jurisdictions.

- Exempting low-value, low-risk sellers supports the circular economy by removing tax friction for casual re-sellers listing second-hand goods online.

- The proposal broadly aligns with the European Commission's recent DAC Recast proposal. International alignment is of critical importance: divergent thresholds between OECD Model Rules and regional frameworks (e.g., EU DAC7, Australia SERR) force Platform Operators to maintain multiple distinct exclusion logics for economically equivalent activity, increasing costs without policy benefit.

Several members also note that where **corporate incentives** are paid to otherwise inactive merchant partners, clarity is needed on whether such payments constitute consideration "paid or credited in connection with Relevant Services" for threshold purposes. For otherwise low-volume or inactive sellers, platforms should not be burdened with tracking minor corporate incentives or promotional payments that could inadvertently trigger reporting for non-transactional income. We would recommend that the Commentary clarify that promotional incentives, credits and similar non-transactional payments are not treated as consideration for Relevant Services for threshold or reporting purposes.

Members also request for a simplified exclusion threshold for **low-value personal services** transactions, analogous to that proposed for low-value goods.

2. Clarifying Amendments to the Definitions of "Platform" and "Platform Operator"

Paragraph 4; Section I(A)(1)–(2) and Commentary

The proposed clarifications to the definitions of "Platform" and "Platform Operator" are broadly welcome. The **explicit exclusion of pure payment processors** from the definition of Platform Operator reflects the substantive purpose of the rules and is a helpful clarification. We recommend confirming that this exclusion applies to entities whose role is substantively limited to the handling or transfer of funds, irrespective of the formal structure of contractual arrangements.

However, the rationale behind certain proposed modifications regarding "direct and indirect access" requires further clarification given the rapid growth of embedded commerce and third-party integration models. We recommend clarifying in the Commentary that providing technology infrastructure or software services to a merchant—where the merchant is the Seller of record, owns the customer relationship, and users transact on the merchant's own website—does not constitute "making a Platform available" for MRDP purposes.

3. Sellers that are Reporting Platform Operators

Paragraph 5; Section II(A)(3) and Section III(B)(4)

We support the proposal that where a Reportable Seller is itself a Reporting Platform Operator, the primary Platform Operator need only report identifying information rather than full transactional data. This eliminates duplicative transactional reporting where the intermediary already bears its own independent reporting obligations under Section III(B)(4).

However, requiring primary platforms to actively solicit status declarations from all Entity Sellers during onboarding or due diligence introduces significant operational complexity. For the vast majority of traditional merchant sellers, this inquiry is irrelevant and potentially confusing.

Recommendations:

- Where improved reporting outcomes for intermediary sellers are needed, the reporting obligation should be placed directly on the intermediary, the entity with direct knowledge of and control over the relevant information about underlying service providers. This is consistent with Section III B(4), avoids requiring primary platforms to make unverifiable classifications and follows the established international best practice principle that reporting obligations should rest with the entity best positioned to comply.

- Should the rules be finalised as proposed, we recommend that the Commentary:

  a. confirm that primary platforms may rely on reasonable self-certification of intermediary reporting platform operator status (analogous to existing MRDP tax residency self-certification) and that primary Platform Operators are fully discharged from liability when they act on that certification (though any certification responsibility adds substantial administrative burden – see Section 6a below);
  b. confirm that the cascade does not apply to technology and logistics providers embedded in third-party storefronts;
  c. explicitly exclude customer-side AI agents from the intermediary Seller concept; and
  d. confirm that once the primary Platform Operator has reported on the intermediary Seller under the B(4) reduced pathway, its obligations are fully discharged regardless of the intermediary's own compliance.

5. Related Entities as Excluded Sellers

Paragraph 6; Section I(B)(4)(e), Section I(C) Rule 11, Section II(A)(1) and Commentary

We fully support excluding Related Entities of Reporting Platform Operators from due diligence and reporting obligations. This practical simplification avoids requiring Platform Operators to perform formal due diligence on entities within their own corporate group. Relying on internal books and records is consistent with treatment for other Excluded Seller categories and eliminates unnecessary administrative overhead.

The clarification that the exclusion applies to entities with more than 50% common ownership by vote and value provides welcome certainty. We recommend confirming in the Commentary that this exclusion applies universally across all Relevant Activities.

6. Intermediary Sellers – Cascade Reporting

Paragraphs 7–10; Section I(A)(2), Section II(A)(3), Section III(B)(4) and Commentary

Since the adoption of the Model Rules, a growing number of intermediaries, including travel agencies, property managers, channel managers, and service aggregators, have registered as Sellers on Platforms.

We support the objective of ensuring comprehensive reporting of underlying service providers and property owners. However, we have significant concerns that the proposed cascade mechanism would impose substantial compliance obligations on primary Platform Operators without materially improving reporting outcomes.

Primary platforms generally lack visibility into the contractual arrangements between registered Sellers and any underlying suppliers, owners, or service providers. These arrangements take place outside the platform environment, may change over time without notification, and cannot be independently verified by the platform. Existing reporting under Section III(B)(4) already provides tax authorities with sufficient information to identify intermediary entities operating at scale.

a. Specific Technical Concerns

i. Identification and Verification Challenges

Determining whether a registered Seller is itself a Platform Operator depends on information unavailable to the primary platform. A Seller may act solely on its own behalf or as an intermediary for numerous underlying providers, and the platform cannot reliably distinguish between the two.

Self-certification is therefore the only practical mechanism. However, collecting reliable declarations across potentially millions of Entity Sellers whose circumstances may change over time is operationally challenging and difficult to verify. Requiring platforms to rely on such declarations would create significant compliance burdens while exposing them to risks arising from inaccurate classifications they cannot independently validate. It would also require platforms to raise potentially confusing compliance questions with large numbers of Sellers for whom the issue is irrelevant.

ii. Disproportionate Compliance Burden and Reporting Fragmentation

The proposal would significantly expand the population of Sellers requiring specialised classification and ongoing monitoring, including property managers, channel managers, travel agencies, and other intermediaries. Primary platforms would need new onboarding, classification, and revalidation processes, particularly where Sellers operate both as intermediaries and direct providers.

At the same time, the proposal risks fragmenting reporting. If primary platforms report only identifying information while transactional reporting is shifted to intermediary entities, tax authorities may need to obtain transaction-level information from a much larger number of smaller entities that may have more limited compliance capabilities and oversight arrangements.

iii. Scope and Emerging Business Models

The proposed language could inadvertently capture business models that are not performing a platform intermediation function. In particular, embedded commerce, checkout-as-a-service, fulfilment, and similar technology arrangements should not be regarded as making a Platform available where the merchant remains the Seller of record and controls the customer relationship. Likewise, customer-side AI agents acting on behalf of buyers are fundamentally different from intermediary Sellers and should be excluded to avoid interpretive uncertainty.

iv. Outstanding Implementation Issues

We recommend that the Commentary clarify:

- whether primary platforms may rely on Seller self-certifications and what level of verification is required, if any;
- the consequences of incorrect classifications;
- whether a *de minimis* threshold applies;
- obligations following mid-year status changes;
- liability where an intermediary fails to report its sub-sellers; and
- responsibility for reporting in multi-tiered intermediary structures.

b. Recommendations

The reporting obligation should be placed on the intermediary, as the entity with direct knowledge of and control over information relating to underlying service providers. This is consistent with the principle that reporting obligations should be allocated to the party best positioned to comply.

If the OECD proceeds with the proposal, the Commentary should:

- permit reliance on reasonable self-certifications and provide full liability protection for platforms acting in good faith;
- confirm that technology, logistics, embedded commerce, and similar infrastructure providers are outside the scope of the cascade where they do not perform a platform intermediation function;
- explicitly exclude customer-side AI agents;
- confirm that reporting by the primary Platform Operator under the Section III(B)(4) reduced reporting pathway fully discharges its obligations; and
- address all outstanding implementation issues before any version of the cascade is finalised.

7. The "Material Economic Risk" Safe Harbour

Proposed Paragraph 6bis

We welcome the introduction of this safe harbour as an important limiting principle that helps ensure Sellers are not treated as indirectly making a Platform available where, in substance, they are providing Relevant Services in their own right. However, as currently drafted, the requirement that an entity assume material economic risk in respect of all Relevant Services may be overly restrictive and does not address the range of legitimate business models that should fall outside the cascade.

Recommendation: Additional safe harbours should be introduced to cover:

(i) entities that provide embedded commerce or checkout-as-a-service solutions on third-party websites where the merchant retains seller of record status and the customer relationship;

(ii) entities that provide technology infrastructure, fulfilment or logistics services to Sellers without independently bearing the obligation to connect those Sellers to end users; and

(iii) AI agents or automated systems that act on behalf of customers rather than Sellers.

(iv) Additionally, the Commentary should clarify what constitutes "material economic risk" specifically, whether partial risk-sharing arrangements, which are common in the platform economy, satisfy the safe harbour.

It should also be clarified whether these safe harbours are intended to apply only to intermediary Sellers, or all Platform Operators.

8. Operational and Implementation Challenges

Based on our members' experience in implementing the MRDP and equivalent regimes across jurisdictions, we have identified certain operational challenges that could be exacerbated by an expansion of the MRDP's scope. These issues affect the effectiveness of the reporting framework for many stakeholders, and we recommend addressing them as part of an amendment package.

8.1 Exchange Agreement Activation Lags

While the concepts of *Reportable Seller* and *Reportable Jurisdiction* suggest that reporting obligations should be linked to activated exchange relationships, implementation experience demonstrates that this principle is not always reflected consistently in practice. As a result, Platform Operators may incur significant compliance costs and face operational uncertainty that is not aligned with the underlying exchange objective. Greater clarity is needed to ensure consistent implementation and to provide sufficient certainty for businesses when exchange relationships are introduced or expanded.

1. <u>Absence of activated agreement</u>: Where no DPI-MCAA has been activated, Platform Operators may still face direct reporting obligations to local tax authorities under domestic legislation. The absence of an activated agreement does not eliminate the reporting burden – it means the Platform Operator must comply with uncoordinated national regimes rather than a single harmonised framework.

2. <u>Activation lag</u>: Once an agreement is activated, the Reportable Seller definition immediately captures a broad seller population with no preparation runway. We would recommend a minimum of 6 months from the date of publication of the activation given the need to update due diligence procedures, modify onboarding flows, configure reporting infrastructure, and test data extraction for centralised reporting models. We would also recommend that the obligation only applies to

transactions occurring after the effective date, not retrospectively to historical transactions within the same reportable period.

Recommendation: Jurisdictions should activate DPI-MCAA exchange relationships concurrently with, or within a defined period following, domestic implementation. Reporting obligations should not apply in respect of Sellers resident in jurisdictions for which no active exchange relationship exists, and no penalties should apply in those circumstances.

Where a new exchange relationship is activated after implementation, jurisdictions should provide a minimum six-month lead time between publication of the activation and the commencement of reporting obligations. Reporting should apply only to transactions occurring after the effective date of the exchange relationship and should not apply retrospectively to transactions undertaken before activation.

8.2 Fragmented Notification, Registration, and Submission Processes

Despite the MRDP's objective of standardisation, implementing jurisdictions exhibit wide variations in portal accessibility, notification protocols, and registration workflows. Certain national submission portals open only weeks before annual filing deadlines.

Recommendation: Recommend minimum standards requiring submission portals to remain open and accessible at least 60 days prior to filing deadlines.

8.2 Technical Submission Standards

The absence of uniform technical submission standards across implementing jurisdictions creates disproportionate operational challenges for high-volume platforms. Issues include manual XML submission processes unsuitable for large data volumes, inconsistent data encryption requirements, and extended validation timelines of 7–9 working days in some jurisdictions, creating material filing risk as reporting deadlines approach. API-based submission should be established as the recommended default for high-volume filers. Optimised digital infrastructure, standardised technical guidance, and real-time validation mechanisms should be adopted as core design principles for effective reporting frameworks.

Recommendation: These principles should be incorporated into the MRDP Commentary as recommended minimum standards for implementing jurisdictions – specifically: API-based submission as the default mechanism for high-volume filers; mandatory data encryption standards; and real-time validations.

8.3 TIN Verification

The MRDP's due diligence requirements rely heavily on TIN collection and verification. However, the diversity of TIN structures and formats, combined with limited access to official verification databases, creates ongoing compliance challenges. Connecting to APIs on a country-by-country basis is expensive to build and maintain, and each must pass each platform's information security standards. Current tools (such as TIN-on-the-Web) provide format only validation rather than comprehensive verification. A standardized (or ideally, centralized) verification tool would be welcome as it could help improve data quality and reduce reporting errors while maintaining a consistent approach across participating jurisdictions.

Recommendations:

- Develop an automated, streamlined TIN verification tool that can be made available to platforms and aligned with the format validation rules applicable in each jurisdiction.
- In developing this tool, we encourage collaboration among policymakers and technical drafters to address privacy and data protection considerations relating to individual taxpayers' identification numbers. In some jurisdictions, privacy restrictions limit access to verification databases or other mechanisms that would enable platforms to validate tax identification numbers belonging to individual sellers.

8.4 Business Registration Number Verification

Under the current framework, if a Seller's BRN is missing, reporting for that Seller may be blocked entirely, despite the platform holding other valid identifiers that would readily enable tax authorities to identify the Seller. A standardised default value for missing BRN fields – analogous to the existing "NOTIN" provision for missing TINs – would prevent total reporting blocks while alerting tax authorities to data gaps.

Recommendation: We recommend introducing standardised default values for missing BRN fields (analogous to "NOTIN") to prevent complete reporting blocks.

8.5 Annual Reporting Deadline

The current January 31 annual reporting deadline leaves an insufficient window for financial reconciliation. Platforms routinely process year-end financial adjustments, transaction-level corrections, and failed settlement rectifications well into January. A compressed deadline increases the risk of filing errors, which in turn generate costly post-submission corrections and resubmissions.

Recommendation: Extend the annual reporting deadline from January 31 to February 28. This extension would significantly reduce reporting errors and resubmissions without compromising tax authorities' access to timely data.

8.6 Transition Periods

International best practice – including the OECD's own implementation guidance, the EU DAC7 framework, and Australia's SERR – establishes a minimum transition period of 12 months from publication of final rules to the first reporting deadline. A 12-month minimum is essential to allow Platform Operators to complete data compliance assessments, system modifications, privacy policy adjustments, and cross-border data transfer arrangements. The consequences of insufficient transition time are well illustrated by recent platform reporting regulations that provided inadequate lead time, resulting in material compliance failures for overseas platforms.

Recommendation: Confirm 12 months as the minimum standard transition period for all amendments, including any amendment that brings new entities (such as intermediary Sellers) into scope as Reporting Platform Operators.

8.7 Interaction with Payment Reporting Regimes (e.g., CESOP)

Where Platform Operators already report under the MRDP, requiring them additionally to provide payment data under CESOP or equivalent national regimes risks creating duplicative obligations in respect of economically equivalent activity. Some jurisdictions have also sought to retain or adopt more stringent domestic reporting obligations that substantially duplicate MRDP or DAC7 requirements. Such overlaps increase compliance costs without a corresponding improvement in tax enforcement outcomes.

In this regard, we note emerging efforts, including within the EU, to limit domestic reporting requirements that are substantially similar to information already reported under internationally agreed frameworks. Consistent with this approach, jurisdictions should seek to eliminate duplicative reporting obligations and maximise reliance on information already available through existing exchange mechanisms.

Recommendation: Provide clear delineation rules to prevent cumulative reporting burdens where an entity reports under both MRDP and CESOP or equivalent national regimes. Regional bodies should cooperate to remove duplicative domestic obligations.

9. Additional Proposals for the OECD's Consideration

In addition to our comments on the specific proposals under consultation, our members submit the following additional proposals for consideration in this or future review cycles.

9.1 Classification of Sellers as "Entity" or "Individual"

There is a mismatch between the MRDP definitions of "Individual" and "Entity" Sellers and the forms of doing business across different jurisdictions from a corporate law perspective. This mismatch results in Sellers misclassifying themselves on platforms, leading to incorrect tax assessments by tax authorities. Platforms receive recurring queries from tax authorities in several jurisdictions where Sellers have self-identified in the wrong category, generating multiple reconciliations, corrections, and re-filings for both platforms and tax authorities.

Recommendation: Provide in the Commentary or an FAQ to the MRDP clear classification of common sole trader and legal business forms across key implementing jurisdictions as "Individual" or "Entity" for MRDP purposes. This would improve consistency in platform-level tax profile collection and reduce post-filing reconciliation burden.

9.2 Recalibration of the 2,000 Relevant Services Excluded Seller Threshold

The 2,000 Relevant Services threshold for immovable property Excluded Sellers was designed at adoption of the MRDP to exclude large-scale accommodation providers (such as hotels) from reporting requirements, recognising that such entities are already within the tax authority's compliance net through VAT registration and other obligations. In practice, however, the threshold has not operated as intended: large accommodation providers typically cross-list on multiple platforms and rarely exceed the threshold on any single platform. This results in data being reported on entities already on the tax authority's radar, without a corresponding benefit for tax administration.

We recommend two potential solutions:

- Lower the threshold from 2,000 to 750 relevant services, which would better identify the large-scale providers the exclusion was intended to capture; or
- Replace the "relevant services" metric with "nights booked," which more accurately measures accommodation-sector activity and would reduce reporting in respect of entities already within the tax authority's compliance net.

Either approach would reduce reporting of information that does not serve the tax compliance objectives of the MRDP, improving overall data quality for tax authorities.

Conclusion

Business at OECD remains supportive of the MRDP as a framework for promoting tax transparency while minimizing unnecessary compliance burdens. The proposed amendments represent an important opportunity to simplify the rules and improve their practical operation based on several years of implementation experience.

We welcome the proposed simplifications for low-value goods sellers and the efforts to clarify the definitions of Platform and Platform Operator. We also encourage the OECD to further align the framework with operational realities by adopting a EUR 5,000 threshold for low-value goods and by addressing implementation challenges relating to reporting infrastructure, verification processes, transition periods, and overlapping reporting obligations.

With respect to intermediary seller arrangements, any expansion of reporting obligations should place responsibility on the intermediary entity. Where additional obligations are imposed on primary platforms, the rules should provide clear liability protections, workable due diligence standards, and sufficient legal certainty to ensure consistent implementation across jurisdictions.

Business at OECD appreciates the opportunity to contribute to this consultation and looks forward to continued engagement with the OECD on practical, proportionate, and administrable solutions that support effective tax compliance.

Sincerely,

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