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## VAT & THE PLATFORM ECONOMY: EU FRAMEWORK AND SOUTHEAST EUROPE'S COMPLIANCE STRATEGY

*New business models, born and further sophisticated through digital technology, have significantly affected and redefined the digital economy, leading to the phenomenon known as platformization. In December 2022, the EU introduced the "VAT in the Digital Age" (ViDA) initiative, highlighting platform economies as a crucial area for VAT system modernisation. The impact of platform economies on indirect taxation cannot be ignored, especially in Southeast Europe. This paper examines the transformative role of platformization—where new business models are developed through digital technology—on VAT compliance with the aim to explore the concept and role of the platform economy in relation to VAT taxation, highlighting the challenges it poses to the existing tax framework and examining emerging trends in VAT treatment of the platform economy within the EU and its impact for Southeast Europe, particularly on countries with EU candidate status. Key recommendations include simplified compliance regimes, regional cooperation, and adapting tax frameworks to the digital economy. These strategies aim to optimise VAT compliance and support economic growth in Southeast Europe's evolving platform economy.*

**Keywords:** Platform Economy, VAT Compliance, VAT Treatment of Platform Economy.

### 1. INTRODUCTION

The digital economy is changing the business environment by introducing a new way of doing business and inventing new, highly digitised business models. The continuous development of new business models, developed and refined through digital technology, has profoundly influenced and reshaped the digital economy, leading to the emergence of the phenomenon of platformization, which also encompasses the strategic efforts of platform companies to mediate previously direct transactions (Tiwana *et al.*, 2010). This process emphasises connecting large groups of buyers and sellers, transforming platforms into market intermediaries that create and sustain digital ecosystems (Ek & Ek, 2023). The way

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these business models operate poses significant challenges in many areas, shedding special light on VAT, particularly in terms of tax collection, enforcement, and compliance. More specifically, new business models have meant that private individuals and small businesses operating through platforms, until recently exempt from VAT taxation, represent a significant share of transactions on which VAT is not paid, which has a negative impact on traditional businesses (European Commission, 2022). The decentralised nature of digital transactions, the cross-border provision of services, and the use of data as a form of compensation create complexity in defining taxable events, determining the place of supply, and ensuring correct VAT reporting. As a result, tax authorities around the world are working to adapt VAT frameworks to effectively collect revenues in a new segment of the digital economy – the platform economy. Because of the speed of development and differentiation of models, the question arises of how to sufficiently include them in tax treatment while following the principle of neutrality and simplicity. In the context of VAT treatment of a digital platform, several questions arise (i) VAT status of the provider, (ii) VAT status of the consumer, (iii) VAT status of the platform operator, (iv) nature/classification of the facilitation services provided and (v) the party to the transaction paying the facilitation fee.

The aim of this paper is to explore the concept and role of the platform economy in relation to VAT taxation, highlight the challenges it poses to the existing tax framework, and examine emerging trends in the VAT treatment of the platform economy within the EU, as well as their impact and opportunities for Southeast European countries with EU candidate status.

## **2. DEFINING THE PLATFORM ECONOMY: CONCEPTUAL CHALLENGES AND AMBIGUITIES**

Defining business models in the digital economy, as well as the very concept of the digital economy and its dynamic component of e-commerce, is characterised by the absence of a unified definition and the existence of multiple ways and criteria for distinction. The lack of definition affects the possibility of regulation and precise assessments of growth dynamics and volume. The same consideration applies to defining the platform economy. In this sense, the following section provides an overview of existing definitions and conceptual understandings of the platform economy with a focus on definitions from the perspective of VAT taxation.

Organisation for Economic Co-operation and Development (hereinafter: OECD) in its 2018 report systematised new, highly digitised business models as follows:

- Multi-sided platforms connect users and facilitate transactions while relying on network effects,
- Resellers purchase and resell goods with control over distribution,
- Vertically integrated companies combine production and distribution under one entity, and,
- Input suppliers provide essential components for other firms' production processes (OECD, 2018).

In the above systematisation, the platform economy is related to multi-sided platforms that connect users and facilitate transactions while relying on network effects. The Group on the Future of VAT and the VAT Expert Group in 2019, while defining business models that remain only partially addressed by the existing EU VAT framework, distinguish sharing from the platform economy (Group on the Future of VAT, 2019). Later, in a report from 2021, the OECD defines the platform economy as a broader concept that includes sharing and gig economy, outlining both similarities and key distinctions between the platform economy and the sharing/gig economy, particularly in the context of VAT considerations (OECD, 2021). The links between these two economies primarily relate to their belonging to a multi-sided business model, which directly connects service providers and consumers, without the need for a physical presence in the jurisdiction where the transactions take place. Furthermore, both concepts rely on digital platforms to facilitate transactions through advanced technology. On the other hand, the sharing economy and the gig economy are distinguished from the platform economy by the presence of new market participants, mainly individuals and small business, a large volume of low-value transactions, and the physical presence of participants in the jurisdiction in which their assets are located and used both for their private and economy activities.<sup>1</sup>

Accordingly, in 2022, the European Commission published a report, “VAT in the digital age,” stating a key characteristic of the platform economy, which refers to a multi-party transaction model involving three or more parties, where digital platforms play a central role. It is a model in which, through their technological, commercial, and legal infrastructure, platforms enable and facilitate trusted exchanges between users who offer or request services (Baretta, 2019, p. 27). These platforms facilitate transactions through monetary payments, barter, or data exchange while aggregating supply and demand, enabling interactions, processing large-scale data, and leveraging network effects. By optimising user experiences and shaping new market structures, digital platforms create flexible business models, often monetising services through commissions or targeted advertising.

Based on the above, the role of digital platforms can be defined as aggregating supply and demand, facilitating and extracting value from direct interactions and transactions between users, collecting and processing large amounts of personal and non-personal data to optimise services and enhance user experience, enabling network effects where each additional user improves the experience of existing users, and expanding the ability to create and shape new markets through more efficient structures by leveraging information technology (OECD, 2019). According to the report (VAT in the digital age, 2022, p. 35), “the most common digital platform’s role was to match users, exchange contact details of users, handle payments, and, to some extent, handle complaints”.

In distinguishing digital platforms, it is important to consider several aspects:

- The subject of the transaction,
- Participants in the transaction,

<sup>1</sup> However, in the literature that does not have a tax-law approach to definitions, authors argue different points of view e.g. authors (Acquier *et al.*, 2017) defined sharing economy as an umbrella construct resting on three foundational cores including platform economy. Further, Acquier *et al.* (2017, p. 4) defined platform economy as “a set of initiatives that intermediate decentralized exchanges among peers through digital platforms”.

- Role of the digital platform,
- Sectors in which platforms operate,

**Table 1:** Criteria for distinguishing platforms (Author’s own elaboration)

Subject of the transaction	Participants in the transaction	Role of the digital platform	Sectors in which platforms operate
Trade in goods/ Trade in services or temporary access to assets	B2B, B2C, C2B and C2C	The intermediary that provides an electronically supplied service	E-commerce, transport, accommodation, real estate, finance, professional and household services, and advertising

In the context of how the basic model works in the platform economy, the following transactions, from a VAT perspective, are distinguished:

- The basic supplier offers goods/services through the platform to the buyer (trade in goods/trade in services or temporary access to assets in various sectors),
- The platform is a facilitator and charges a fee, and
- Advertising revenue and data monetisation.

The focus of the rest of the paper is on the role and tax treatment of digital platforms as facilitators in a transaction, focusing on the aforementioned first two transactions, excluding advertising and data monetisation, as well as recent developments in the EU legal framework regarding their role in VAT taxation.

### **3. CATEGORICAL APPARATUS OF VAT IN THE PLATFORM ECONOMY IN THE EU**

In general, to determine VAT treatment, it is necessary to analyse and consider each element that is key to defining a transaction as one that is subject to VAT. Ambiguities such as who is the taxpayer, when that person is acting in their professional capacity; whether the transaction is taxable; where consideration is paid, and a sufficiently direct link is established between the supply and its consideration, undermine the smooth application of VAT (Beretta, 2018, p. 390). In the vocabulary and constellation of platform economy relationships, it is of tax importance to differentiate (i) VAT status of the provider, (ii) VAT status of the consumer, (iii) VAT status of the platform operator, (iv) nature/classification of the facilitation services provided and (v) the party to the transaction paying the facilitation fee.

The categorisation of supply that takes place, given the way the platform economy functions, is one of the important questions that arise. Considering the typical facilitation role of platforms, they charge facilitation fees, which are usually paid solely by the provider. In this sense, the dilemma arises as to which category facilitation fees belong in the context of VAT taxation? In this sense, the dilemma arises whether the services provided by the platform should be considered electronically supplied services or whether they should be treated as intermediaries. From the moment an online offer is defined as an electronically

supplied service, the question of sufficient inclusion and precision of the definition arises. The European Union was the first jurisdiction to categorise the supply via the Internet, following the Ottawa taxation principles, deciding to fit it into the existing category of services, i.e. “electronically supplied service”s, which was the subject of criticism in the literature (Lamensch, 2014; Terra & Kajus, 2021).<sup>2</sup>

The current legal framework, Council Directive 2006/112/EC, still does not contain a definition of electronically supplied services, but lists them in Annex II of the Directive, however, Council Regulation No. 282/2011 establishes criteria for determining which types of services fall into this category as defined in the guidelines.

In practice, according to the research conducted, approximately 80 per cent of platform services were considered electronic services, and 20 per cent of transactions were considered intermediary services (VAT in the digital age, 2022, p. 36). Arguments for the determinant of electronically supplied services are supported by the minimal level of human intervention. The way facilitation fees are categorised affects the applicable place of taxation, which consequently affects who benefits from which rules. In this sense, treating the facilitation fee as an intermediary service would benefit tourist destinations, while designating it as an electronically delivered service would benefit the country of origin of the tourist (Echevarria, 2024). Namely, since 2015, the EU has been trying to consistently apply the destination principle in taxation of electronic services, apart from a deviation from the destination principle with the rule introduced with Directive 2017/2455. It is therefore necessary to clarify this rule and ensure a common criterion. Since the Member States interpret the place of supply of the facilitation service provided by the platforms to non-taxable persons differently, it is going to be harmonised with the VAT in the Digital Age package (hereinafter: ViDA package). In this sense, Article 46a, part of the ViDA reforms, stipulates that the place of supply of the facilitation service provided to a non-taxable person using an electronic interface, such as a marketplace, platform, portal, or similar means, shall be the place where the underlying transaction is supplied in accordance. In simpler terms, the VAT rules regarding facilitation services in B2C transactions follow the location of the goods or service itself. In the case of B2B transactions, the definition of facilitation fees as intermediary or electronic is linked to Article 44 of the Directive 2006/112/EC (Merkx *et al.*, 2023). It is important to point out that the wording used in the place of supply is a facilitation service, meaning it is not categorised as an electronically supplied service.

Another important issue is the role of the platform in the context of the transactions between suppliers and buyers that it facilitates. As stated in the introduction of the paper, the role of platforms is increasingly central to digital transactions, replacing traditional offline intermediaries and facilitating previously direct exchanges. From a VAT perspective, transactions carried out through platforms provided by individuals and small businesses are often exempt from VAT. However, the volume of such transactions in certain sectors is

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<sup>2</sup> The VAT Committee on its 67 meeting in 2003 set out the guidelines (VAT Committee, 2003) on what is meant by “electronically supplied services”, namely: delivered over the Internet or an electronic network1 (i.e. reliant on the Internet or similar network for its provision); and then the nature of the service in question is heavily dependent on information technology for its supply. I.e., the service is essentially automated, involving minimal human intervention and in the absence of information technology does not have viability.

continuously growing, and the absence of their taxation creates market distortion and puts traditional economic actors at a disadvantage. Accordingly, in the report on the role of digital platforms (OECD, 2019), several roles that the platform could play in VAT collection namely:

- liability of digital platforms for the assessment, collection, and remittance of VAT on sales made through digital platforms,
- voluntary collection of VAT/GST through digital platforms,
- legally binding exchange of information with tax administrations,
- education of sellers through digital platforms on VAT/GST obligations,
- Formal cooperation agreements between digital platforms and tax administrations to enable tax administrations to access potential taxpayers.

A platform in the EU VAT legal framework is already obliged under several articles, namely:

- Directive 2021/514, known as DAC7, introduced the requirement for platforms to maintain and submit reports of sales made on behalf of third parties to EU tax authorities. These new requirements were effective from 1 January 2023, with the first reports due from 1 January 2024.
- Directive 2017/2455 establishes the liability of the platform for VAT in situations where the taxpayer, by using an electronic interface (platform, portal, etc.), enables: a. distance selling of goods imported from third countries in shipments worth up to EUR 150B delivery of goods within the EU by a taxpayer without a business establishment in the EU to the final consumer. In both situations, the assumed liability of the platform for VAT in B2C transactions applies,
- For the application of Article 28 of Directive 2006/112/EC, Implementing Regulation 282/2011, in Article 9a, prescribes the general rule that a platform or portal enabling the sale of electronically supplied services acts in its own name but sells services on behalf of the actual service provider. This means that the platform formally becomes the seller for tax purposes and is liable for calculating and paying VAT. However, if the actual service provider is explicitly designated as the supplier and this is clearly stated in the contractual arrangements between the platform and the provider, then the platform is not considered the seller, and the VAT obligations remain with the actual provider.
- Article 242a of the VAT Directive requires keeping records when it facilitates the supply of goods or services to a non-taxable person within the Community via an electronic interface, such as a marketplace, platform, or portal. These records must be sufficiently detailed to enable the tax authorities of the relevant Member States to verify the correct calculation of VAT for such transactions.<sup>3</sup> This obligation coincides with the obligation prescribed by DA7, which justifiably raises the question of the increase in costs for platforms and their disadvantageous position in relation to non-platform businesses (Merkx *et al.*, 2023).

<sup>3</sup> The ViDA package amends Article 242a by adding a new paragraph requiring a platform that facilitates the provision of short-term accommodation or passenger transport services within the EU via an electronic interface and is not considered to have provided services under Article 28a, to keep detailed records of those transactions in electronic form and to keep them for 10 years. These records must be sufficiently detailed to allow the tax authorities in the relevant Member States to confirm the correct VAT declaration.

Conducted research indicated that in certain sectors of the platform economy, such as the sector of short-term accommodation and transport, there is an increase in the number of transactions exempted from VAT, which resulted in the loss of income from VAT and distortion of market competition. In this sense, the European Commission, striving to modernise the VAT framework, started drafting a proposal, famously known as the ViDA package, on the form of previously implemented, deemed supplier liability of the platform in collecting VAT, which will be discussed in the following chapter.

#### **4. IS ViDA TRULY A DIVA?**

The e-commerce package from 2017 to 2019, which was highlighted in the Digital Single Market strategy, was followed by the Commission's action on the growing role of platforms, namely in the short-term accommodation and transport sectors. In December 2022, the European Commission presented a proposal entitled the ViDA package, which contains three pillars, the second of which focuses on the VAT treatment of the platform economy and will be further analysed.

In the Communication of the Commission (European Commission, 2022), the sectors of passenger transport and accommodation services, which, after e-commerce, are the two largest sectors of the platform economy, are explicitly identified as those in which inequality in the payment of VAT is most evident. Lodging service platforms compete directly with the hotel industry, while passenger transportation platforms compete with private taxi companies. Accordingly, the second pillar aims to amend the VAT Directive and Implementing Regulation 282/2011, providing that platform economy operators in two sectors, namely passenger transport and short-term rental of accommodation, become liable for collecting and remitting VAT to the tax authorities, where the primary supplier does not charge VAT. The main goal of the provision is to equalise competition between traditional and digital ways of doing business in these sectors and remove the obligation for underlying hosts and drivers, who will not be liable for VAT (European Commission, 2024). At the same time, this initiative follows the spirit of the Platform Work Directive, Directive 2014/55/EU on electronic issuing of invoices in public procurement, as well as Directive 2021/514/EU amending Directive 2011/16/EU, the so-called DAC 7.

Significant changes for the platform economy relate to the introduction of platform liability as a deemed supplier for these sectors, the definition of the term facilitator, the definition of short-term accommodation and the road passenger transport sector, as well as exemptions from these rules. The inclusion of the platform economy in this regard will be carried out by amending Directive 2006/112/EU with the following articles: Article 28a, Article 46a, Article 135(2)(3), Article 136b, Article 172a, Article 242a, and Article 306.

The fundamental amendment is introduced by Article 28a, which provides that a taxable person who facilitates the provision of short-term accommodation or passenger transport services by road via an electronic interface, such as a marketplace or platform, will be deemed to have received and supplied those services himself. However, this applies unless the service provider has provided their VAT identification number and declared that they will charge VAT on the supply. In short, it applies when the main supplier is not registered for VAT.

Under this system, the initial deemed supply from the original provider to the facilitator will be VAT-exempt (Article 136b). To prevent abuse, transactions where the platform is considered the supplier cannot be included in the special scheme for travel agents. (Article 306). However, the subsequent supply from the facilitator to the customer will generally be subject to VAT unless an exemption applies in the EU Member State where the service is delivered. This framework does not affect the facilitator's right to deduct VAT (Article 172a). The key question for the application of Article 28a is how the term "facilitator" is defined and under what conditions a facilitator becomes liable.

The term facilitator, defined by Article 9b of Implementing Regulation 282/2011 and in previous VAT e-commerce rules subject to criticism, implies that a taxable person is considered facilitating the supply of short-term accommodation rental or passenger transport services by road if they use an electronic interface (e.g., a marketplace, platform, or portal) to connect suppliers and customers, leading to a transaction through that interface. However, a taxable person is not regarded as facilitating the supply if they: do not set, either directly or indirectly, any of the terms and conditions under which the supply is made, are not involved in authorising customer payments and do not take part, either directly or indirectly, in providing the services themselves. Paragraph 2 of the same article stipulates that the platform's liability does not apply to taxable persons who only provide: payment processing for short-term accommodation rentals or passenger transport services, listing or advertising these services, redirecting or transferring customers to other platforms without further involvement in the supply.

Short-term accommodation, excluded from land exemption under Article 135(3), is defined as the continuous rental of accommodation to the same person for a maximum of 30 nights, while the road transport service of passengers performed within the Union is understood as the part of the service that is carried out between two points in the Union, thus leaving out beverage and food delivery services. Compared to the original proposal, the number of nights in the definition of short-term accommodation has been reduced from 45 to 30 nights and this type of accommodation will be considered having a similar function to the hotel sector, the criteria, conditions and limitations of which will be determined by Member States, which should be notified to the VAT Committee before 1 July 2028 (Article 135(2)). The Commission will publish a comprehensive list by 31 December 2028 based on the information provided by the Member States. On the other hand, the definition of transport service contains the addition of "by road", distinguishing it from other forms of passenger transport. Previously, the transport formulation was subject to criticism due to insufficient precision (Čičin-Šain, 2023).

The Council provided Member States greater flexibility from the original proposal with the possibility of excluding small and medium-sized businesses from certain VAT obligations, differing from the European Commission's proposal. However, if they choose to do so, they must notify the VAT Committee accordingly. Furthermore, the Commission will assess these rules by July 2033. Member States may exclude certain supplies from these provisions under specific conditions.

The process of agreeing on the VIDA package was marked by almost two years of negotiations, especially on the second pillar, and a political agreement was reached at the

ECOFIN meeting held on 5 November 2024, while the European Parliament approved the European Commission's Reconsulted Proposal on the ViDA package on 12 February 2025 on which the European Parliament was initially consulted.<sup>4</sup> Finally, the ViDA package was adopted on 11 March 2025, and the planned implementation of the second pillar should start from 1 July 2028, considering the possibility for Member States to postpone implementation until 1 January 2030.

The analysis of key provisions indicated that several aspects of the ViDA package can be considered problematic:

- the impact of platform liability on market competition between platforms in the two sectors mentioned, which primarily refers to the capacity of less influential platforms and new market players to operationalise the liabilities established by Article 28a, as well as other established forms of platform liability
- different types of platform liability depending on the transaction,
- compliance cost for platforms and impact on their business,
- different criteria of Member States regarding short-term accommodation, which, from previous experience with harmonisation, can further complicate the system,
- the coverage of the transport sector (in comparison with solutions in other countries, e.g., New Zealand) (Čičin-Šain, 2023),
- objection to the direction of the Commission's work, criticising the lack of innovation in modelling the role of the platform while neglecting the abolition of VAT exemptions and the work of the tax administration (Sánchez Gallardo & Echevarria Zubeldia, 2023).

The final assessment of whether ViDA is a diva will be given by the practical application of the presented changes to the VAT framework in the EU.

## 5. VAT CHALLENGES IN THE PLATFORM ECONOMY FOR SOUTHEAST EUROPE

Compared to the northern part of Europe, the south generally lags in components of the digital economy, while achieving noticeable growth (Hunady *et al.*, 2022). In this regard, the European E-Commerce Report for 2024 states that e-GDP remains highest in Western Europe, followed by Southern Europe, with Eastern Europe having the lowest E-GDP and e-shopper penetration as a region (Ecommerce Europe, 2024, p. 8). Speaking about southeastern Europe, research indicates that despite the progress made in creating the basic prerequisites for the digital economy, the enormous potential of digital technology remains untapped (Vidas-Bubanja, Popovčić-Avrić & Bubanja, 2019) and it is noticeable that newer EU Member States, mainly from southeastern Europe, still lag behind the EU average in e-commerce activities, social media usage and cloud computing (Hunady *et*

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<sup>4</sup> “Most Member States supported the proposal of updated VAT rules for the platform economy. France and Ireland were concerned that the proposal would distort competition. Several countries asked for more extensive platform reporting to be considered.” (Kristofferson, 2023, p. 148). However, given the significant differences, between the Commission proposal and Council text, the Council decided to consult the Parliament again (European Parliament, 2024).

*al.*, 2022, p. 39). Despite the different pace and digital divide, the digital economy for the countries of Southeast Europe represents both an opportunity for economic growth and a regulatory challenge, in the context of tax system integrity and negative competition effects. Accordingly, VAT revenues are of primary importance. For non-EU countries in the region with candidate status, particularly Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia, adjusting their VAT framework to the common VAT system in the EU is essential. Accordingly, harmonisation is necessary for strategic, economic, and financial reasons. However, the pace of adapting the VAT legal framework to digital business conditions varies. In this regard, Serbia, Albania, Montenegro, and North Macedonia have taken steps and recognised on a different pace electronically supplied services in their VAT laws, unlike Bosnia and Herzegovina, whose legal framework does not include a conceptual definition of electronically supplied services. In accordance with the KPMG report (KPMG, 2025) on the adaptation of the VAT framework to the conditions of digitalisation, the selected countries have taken the following steps:

1. Albania (since January 1, 2015), Montenegro (since August 1, 2017), and North Macedonia (since January 1, 2024) require non-resident vendors to register and collect VAT, regardless of sales amount.
2. Bosnia and Herzegovina's tax authority reiterated on February 2, 2023, that non-resident providers must register and collect VAT.
3. Serbia published updated VAT regulations on December 25, 2024, clarifying definitions and rules for digital and telecommunications services.

Recent changes and activities of the countries indicate that, on different dynamics, focused is on including electronically supplied services, preserving the integrity of the VAT system in B2C transactions while countries have not yet taken steps in the context of the platform economy, i.e. platform liability for VAT in transactions that take place through platforms. Considering the obligation of countries aspiring to EU membership to harmonise their legal frameworks with the EU framework, and at the same time, to preserve the integrity of tax revenues and eliminate market distortions, it is necessary to consider the models and manner of platform liability in the spirit of the previously implemented platform roles as well as ViDA package. Based on the analysed framework, it is necessary to consider:

- the categorical definition of the facilitation service,
- the place of taxation of the facilitation service,
- the form and manner of liability of the digital platform.

In the context of OECD recommendations (OECD, 2019), countries should adapt the platform's assumed liability models to their capabilities and capacities. The EU opted "for a full platform liability model for both electronically provided services and certain supplies of goods" (Merkx, 2022), which determines the way these countries act. One of the key takeaways from the EU experience indicates that for the collection and control of VAT, the size of the VAT gap and its persistence over time suggest that national instruments are not sufficient to fight cross-border fraud, which has been estimated to be effectively and efficiently combated only by coordinated action at the EU level. (European Commission,

2022) In this sense, EU candidate countries from the region, appreciating the size of their market and the way digital platforms operate, could benefit from regional cooperation, especially in cross-border transactions. The focus on regional cooperation primarily stems from the size of the markets and their level of development. In this manner, regional cooperation could enhance compliance, facilitate smoother integration into the EU legal framework, and ultimately, the exchange of experiences between countries facing similar challenges in the same or comparable contexts could lead to valuable insights and solutions. Accordingly, there is a common interest that needs to be exploited with the aim of maintaining the integrity of tax revenues, adequately taxing the growing digital economy, and at the same time ensuring a neutral system that is conducive to the growth of the digital market. In following EU regulations and practices, it is imperative to preserve the simplicity of the system, with the aim of stimulating the growth of the digital sector. Thus, in harmonising their frameworks, states should strive for simplicity of rules, proportionality, and neutrality.

## 6. CONCLUSION

The dimensions and role of the platform economy have led to a new phenomenon of so-called platformization, which imposes various regulatory challenges, placing VAT policy high on the priority list. From 2021, various forms of platform liability have been introduced into the EU legal framework in the form of VAT administration up to the model of full liability of platforms as facilitators in the of VAT, all with the aim of adequately including the digital sector in taxation flows, eliminating discrimination in relation to traditional business flows and closing VAT gap. Previous experience in application as well as the ViDA package, addresses issues of competitive effects, complexity, and comprehensiveness of rules. In the context of EU candidate countries from Southeast Europe, which according to indicators lag in the capitalisation of digital technologies, the harmonisation of VAT with the digital reality is taking place at a different pace, with a focus on the inclusion of electronic services and the registration of foreign service providers. Decisive for EU membership, and for strategic, economic, and financial reasons, the next inevitable step is to include the platform economy in tax flows. Learning from the EU experience, key recommendations include simplified compliance regimes, regional cooperation, and a focus on neutrality as an essential element of taxing the digital economy.

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