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Consultation Response: ViDA Transposition in Finland

Impact on Ride-Hailing Platforms and Professional Drivers

1. Executive Summary

Bolt welcomes Finland's commitment to efficient, transparent, and fraud-resistant VAT systems. However, the proposed transposition of the VAT in the Digital Age (ViDA) directive—specifically the Deemed Supplier Rule (DSR)—risks creating market distortions where none currently exist in the passenger transport sector.

In Finland, ride-hailing platforms operate within a regulated taxi market, where:

- All drivers are licensed professionals. To operate as a fleet owner you need to have a registered company and the taxi entrepreneur in turn employs the drivers who hold the taxi driver license
- VAT obligations depend on revenue thresholds, not booking method
- Platforms already provide full transaction transparency to authorities (for example via the mandatory DAC7 reporting).

Bolt's general concern is that:
The reform would introduce different VAT treatment for identical transport services, depending solely on whether a ride is booked via an app or offline.

Our core recommendations are that:

1. Finland uses the possibility of **opt-out of the Deemed Supplier Rule.**
2. That the mandatory **2030 deadline for transposition is used.** The taxi industry will see a substantial increase in costs and administrative burden due to the upcoming reform of the taxi legislation so ViDA should not add to this.
3. That **transposition does not create friction for Customers and Drivers,** for example by demanding declaration of VAT ID before each ride.

2. Finnish Market Context

2.1 Structure of the Taxi Market in Finland

Finland is a fleet-based and regulated taxi market, where:

- Drivers are licensed under national law.
- Drivers operate through fleet companies, as employees, or as independent entrepreneurs with their own vehicle.
- VAT registration is linked to turnover thresholds, not platform use.
- VAT registration is already mandatory by law to the Tax Authority.

2.2 Bolt in Finland

Bolt operates as a digital intermediary, not a transport provider. The company:

- Works with fleet partners employing drivers
- Works with independent one-person taxi companies
- Does not set legal employment relationships

All transactions:

- Are recorded digitally
- Are traceable and auditable
- Already contribute to tax transparency objectives, e.g. the DAC7 framework.

3. The Core Issue: "Fixing a Non-Issue"

3.1 No VAT Inequality Exists Today

In Finland:

- A taxi ride is taxed based on driver VAT status
- This applies equally to:
    - Street-hailing
    - Phone bookings
    - App-based bookings

The ViDA proposal incorrectly assumes platforms create VAT avoidance, which is not the case in passenger transport with taxis as stated also above, all entrepreneurs on the platform must have VAT registration which is verified by the Tax Authority.

3.3 Risk of distortion of competition

A legislation that differentiates taxi transport based on the booking method would:

- Penalize digitally mediated transport by adding increased compliance costs and administrative burden to one part of the taxi industry.
- Incentivize offline, less transparent transactions.
- Undermine Finland's digitalization agenda.
- Add to the already upcoming substantial increased costs and increased administrative burden which will be the result of the upcoming taxi reform, expected to be decided in Eduskunta spring 2026.

This contradicts key policy principles:

- Neutral taxation
- Digital innovation
- Level playing field

4. Impact

4.1 Limited direct VAT impact – But risk for indirect effects

While Finland is a high VAT-compliance market, where DAC7 already is in place for tax compliance, impacts can arise through reduction of platform competitiveness. Something that can lead to negative effects on the competitive landscape and ultimately price distortion.

4.2 Compliance and Administrative Burden

The reform introduces system and reporting complexity:

Table: Compliance Impact on Platforms

Area	Current Model	Under ViDA
VAT responsibility	Taxi entrepreneur	Platform (for fraction of potential non-VAT drivers but will affect entire platform since even a single case where driver is not VAT registered, the platform needs to have process in place and system configured)
Invoicing	Simple	Dual flows (driver→platform→customer)
VAT tracking	Limited	Continuous verification required
Reporting	Standard	Multi-layer VAT reporting

Bolt internal assessment is that a Deemed Supplier Rule without opt out would lead to quite substantial costs both in terms of implementation and then yearly annual running costs.

For Finland:

- Costs will arise despite minimal fraud risk
- Resources diverted from:
  - Safety features
  - Innovation
  - Service improvements

5. Strategic Implications for Finland

5.1 Policy Misalignment

The reform depending on transposition can contradict stated Government objectives:

- Simplicity → increases complexity
- Fairness → creates unequal treatment
- Fraud reduction → targets low-risk sector

6. Policy Recommendations

Main recommendation: Exclude passenger transport

- Passenger transport does not exhibit VAT leakage issues
- Sector is already:
    - Regulated
    - Licensed
    - Digitally traceable

A review clause could assess future needs.

Second best option: Exclude Licensed Professional Drivers

- Applies to:
    - Taxi drivers
    - Fleet-employed drivers
    - Licensed independent operators

Ensures:

- Regulatory consistency
- No discrimination between booking channels

Make sure transposition allows:

- Proper impact assessment
- Sector-specific analysis
- Alignment with national systems
- A review against the Government priority to reduce administrative burden and costs for businesses.

7. Interaction with Ongoing Finnish Taxi Reform

While outside the formal scope of ViDA, it is important to note that the currently proposed reform of Finnish taxi legislation as it has been presented to Eduskunta in spring 2026 will introduce competitive distortions in the same market.

The draft taxi reform includes requirements such as mandatory taximeters and specific vehicle identification measures, which according to legal analysis may be disproportionate under EU law and restrictive to market entry. These measures risk favouring established operators while increasing costs for newer, technology-driven actors. At the same time, the reform does not sufficiently account for the high level of digitalisation in the Finnish taxi market, where a majority of rides—particularly in urban areas—are already booked via apps and provide full traceability, pricing transparency, and safety features.

From a policy coherence perspective, this creates a cumulative risk:

- National regulation will increase barriers to entry and reduce competition.
- ViDA may simultaneously penalise digital business models.

Taken together, these developments risk systematically disadvantageous app-based taxi services, despite their contribution to transparency, compliance, and consumer welfare.

It is therefore important that the ViDA transposition:

- Takes into account how the Finnish taxi market actually operates today.
- Takes into account existing current regulations regarding tax transparency.
- Avoids reinforcing distortions introduced through parallel regulatory processes.

A consistent approach should ensure that digital, transparent and compliant services are not placed at a structural disadvantage.

8. Conclusion

In Finland, the ViDA Deemed Supplier Rule:

- Does not address an existing problem
- Risk imposing significant administrative burden

Most, it risks:

- Undermining digital innovation
- Penalizing transparent business models
- Creating unequal taxation of identical services

Bolt urges the Ministry of Finance to:

- Reconsider the inclusion of passenger transport
- Advocate for a targeted and proportionate implementation.