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Fleet Taxi Services as a VAT and Income Tax "Black Hole:" Is a Memorandum with Platforms a New Instrument for Tax Administration?

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This article analyzes tax evasion in the Czech ride-hailing sector through the so-called fleet model, in which intermediary companies (fleet partners) between the platform (Uber, Bolt) and drivers serve to disperse VAT liability. The authors identify the structural causes of the failure of existing instruments (DAC7, the unreliable-VAT-payer mechanism, securing orders) and evaluate the October 2025 Memorandum on Cooperation between the Czech Tax Administration and Bolt as a soft-law instrument. The article also examines the limits on data sharing under the GDPR, drawing on the EUR 290 million fine imposed on Uber by the Dutch data protection authority. It maps the trajectory toward the ViDA package (2028–2030) and advances five *de lege ferenda* proposals. The authors argue that voluntary cooperation memoranda can serve as legitimate transitional instruments, bridging the gap until the ViDA deemed-supplier rule enters into force.

Keywords: ride-hailing, fleet model, tax evasion, VAT, soft law, DAC7, ViDA, GDPR, missing-trader fraud, deemed supplier

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I. Introduction: when technology outpaces legislation

The platform economy has driven a fundamental transformation in passenger transport. Applications such as Uber, Bolt, and Liftago connect customers with drivers in ways that were unthinkable a decade ago.

In substance the system has not changed; what has changed is its form. The role formerly played by a telephone-line dispatcher linking the driver and customer is today performed by an "app." Historically, both the driver and the dispatcher were employees of a single entity. Later, *švarcsystém* (disguised employment) sometimes entered the picture, yet the desk-bound dispatcher typically represented a specific entity providing or intermediating the transport service. Today that role has been taken over by "apps" operated by multinational corporations. It is precisely here that legal enforcement becomes problematic, because within the European Union legally sovereign states retain their own legal orders, with EU law also playing a role. Coordination across jurisdictions is always more time-consuming than the application of purely national rules, and this creates room for tax evasion and even criminal conduct.

From a tax perspective, particularly VAT, the companies operating these applications represent an additional link in the chain. Given the architecture of VAT and the principle of VAT neutrality (cf. recital 7 of Council Directive 2006/112/EC), nothing compels businesses to shorten their supply chains. Longer chains, especially cross-border ones, are inherently harder for public authorities to monitor and more susceptible to tax fraud.

This mobility revolution has its darker side: according to analyses by the Czech Tax Administration (*Finanční správa*, hereafter FS), the estimated loss to the state budget from tax evasion in this sector reaches roughly CZK 6.5 billion, while in 2024 only one in five rides operated by entities connected with Uber and Bolt was actually taxed (GFŘ, 2025).

The paradox is that the platforms themselves are not the direct vehicle of the fraud. The fraud takes place at the level of so-called fleet partners — intermediary entities between the platform and drivers that register either as VAT payers or as "identified persons" (a Czech-specific VAT status with limited reporting duties and no obligation to remit domestic VAT) yet systematically fail to discharge their tax obligations. The FS has determined that 17 of the 20 largest fleet operators are highly problematic, and approximately 46 further entities are being monitored for a direct tax risk of at least CZK 300 million (GFŘ, 2025).

The existing legislative framework — Act No. 235/2004 Coll., on Value Added Tax (hereafter the Czech VAT Act or ZDPH), Act No. 280/2009 Coll., the Tax Code (*daňový řád*, hereafter DŘ), and Council Directive 2021/514/EU (DAC7) — struggles to meet this challenge. Mandatory reporting under DAC7 operates on an annual cycle, while fleet entities rotate on a monthly one: they incorporate new companies, re-register drivers and dissolve into insolvency proceedings before any tax audit can be completed.

A breakthrough came with the Memorandum on Cooperation concluded in October 2025 between the General Financial Directorate (GFŘ) and the Bolt platform, in which Bolt undertook to share data on fleet partners with the FS at monthly intervals, beyond the duties imposed by DAC7 (GFŘ, 2025). The Memorandum is a soft-law instrument, yet its function is decisive: for the first time, it gives the tax administration the capacity to identify mismatches between a platform's transactions and a fleet partner's tax returns at a moment when effective intervention is still possible.

Beyond VAT, non-payment of income tax is obviously equally problematic, although in the present setting VAT loss is the more significant from the standpoint of public-budget shortfalls. Closely related are the risks attaching to unpaid contributions to social security and public health insurance. Additionally, *švarcsystém* may be involved in the engagement of drivers; at the very least, drivers face significant uncertainty when they are "transferred" at short intervals between an outgoing and an incoming company.

This article addresses three research questions: (1) What are the structural causes of the failure of existing instruments to combat tax evasion in fleet transport? (2) What is the legal nature and effectiveness of the Bolt–FS Memorandum as a soft-law instrument, and what are its legal limits? (3) What developmental horizon is opened by the ViDA regulation, and what is the optimal Czech legislative response?

Research methodology

This article is built on a combination of doctrinal legal analysis, the comparative method and empirical evaluation of available data on the platform economy. The methodological aim is to verify, in the round, the hypothesis that soft-law instruments (here the Memorandum) constitute an effective and legitimate precursor to anticipated EU legislation (the ViDA package).

The work draws principally on a descriptive-analytical method applied to the current legislative framework (the Czech Income Tax Act, the Czech VAT Act, the Tax Code, and DAC7) in order to identify structural deficits in the collection of tax under the fleet model. To meet that aim, three research questions are formulated:

- VQ1: What are the structural causes of the failure of existing instruments to combat tax evasion in fleet transport?
- VQ2: What is the legal nature and effectiveness of the Bolt–FS Memorandum as a soft-law instrument, and what are its legal limits (particularly in relation to GDPR)?
- VQ3: What developmental horizon is opened by the EU's ViDA regulation, and which *de lege ferenda* measures are optimal for the Czech legal order?

The article relies on a combination of primary and secondary sources:

- Legal analysis: examination of domestic and EU legislation, complemented by analysis of relevant CJEU case-law (notably *Elite Taxi*, *Star Taxi App* and *KONREO*) and case-law of the Czech Supreme Administrative Court (NSS).
- Empirical data: the analysis draws on press releases and analytical outputs of the General Financial Directorate (GFŘ) from 2025, which quantify tax evasion in the ride-hailing sector.
- Comparative law: the authors apply a comparative method to examples of good practice from Estonia, Denmark, and the United Kingdom, using a difference-in-differences design to interpret the effectiveness of data-sharing arrangements.

In assessing the legitimacy and legality of the Bolt–FS Memorandum, the authors apply a proportionality test in the sense of Article 5(1)(c) GDPR. The analysis is further situated within game-theoretic literature, specifically the asymmetric coordination game that explains platforms' incentive towards voluntary transparency (first-mover advantage). The closing part of the article formulates five *de lege ferenda* proposals as a synthesis of findings from earlier sections, complemented by reflection on the future trajectory of EU law.

II. Anatomy of fleet fraud: from the app to the straw man

2.1. The three-tier structure of ride-hailing

A typical transaction has three layers: the platform, fleet partner and driver. The classification of the platform was addressed by the CJEU in *Elite Taxi* (CJEU, 2017), where the Court held that Uber provides a transport service within the meaning of EU law. By contrast, in *Star Taxi App* (CJEU, 2020) the Court classified a platform that controls neither prices nor driver selection as an information-society service.

The fleet partner is an intermediary specific to Czech and Central European practice. It is a commercial company (typically a limited liability company, *společnost s ručením omezeným*, "s.r.o.") that signs a contract with the platform as a "business partner" and at the same time engages individual drivers either as employees or as self-employed persons (OSVČ) — an arrangement that can itself amount to tax fraud where the activity in substance fulfils the criteria of dependent work. This is the situation typically described as *švarcsystém*. The fleet partner formally assumes responsibility for remitting VAT on the fares, yet systematically fails to comply with that obligation.

In the context of *švarcsystém*, a recent ruling of the Czech Supreme Administrative Court (Case No. 22 Ads 168/2025-51) deserves attention. The Court dismissed the cassation complaint of VELKÁ PECKA s.r.o. (operator of the online grocery store known under the brand ROHLÍK.cz) and confirmed the decision of the Prague Municipal Court.

An inspection of Rohlík's couriers identified five offences in occupational safety, one in working time, further offences in remuneration and, not least, *švarcsystém* in respect of eight inspected couriers; the company was fined CZK 2,500,000 (a further CZK 2,000,000 was imposed on its subsidiary Autoexpert, where the inspectorate also identified *švarcsystém*). The Court held that "*the level of control over the performance of work exercised by the appellant exceeded the level customary in business relations, in the view of the administrative authorities*" (NSS, 2025). Therefore, regardless of formal labelling, the relationship exhibited the features of dependent work — a finding that also bears on employee protection and rights.

2.2. The evasion mechanism: the "identified person" versus the VAT payer

The core mechanism of fleet evasion is the abuse of the distinction between an "identified person" (§ 6g–6i of the Czech VAT Act) and a registered VAT payer (§ 6 et seq. of the Czech VAT Act). An "identified person" accounts for VAT only on cross-border acquisitions, not on domestic transport supplies. A fleet partner registered solely as an "identified person" does not declare VAT on domestic rides, arguing formally that it "does not collect" the domestic fare.

Once a fleet partner exceeds the CZK 2 million turnover threshold (§ 6(1) of the Czech VAT Act, the mandatory VAT-registration trigger), it should become a registered VAT payer. The fleet model evades that threshold through rotation: the existing company is wound down and a new entity formed before the threshold is reached. The average fleet s.r.o. operates for some 6–18 months and is then placed into insolvency or transfers its activity to a successor (GFŘ, 2025).

2.3. The straw-man device: the organized character of the fraud

A defining feature of the fleet model is the use of so-called straw men (Czech: *bílí koně*) — individuals who assume the formal position of company director for a fee, without any genuine connection to the underlying business activity. The criminal-law case-law of the Czech Supreme Court (NS) has repeatedly held that this model fulfils the elements of the offence of tax reduction under § 240 of the Criminal Code (NS, 2024a; NS, 2024b). In matters of administrative punishment, the Czech Supreme Administrative Court (NSS) emphasizes that the customer's knowledge of fraud in the chain need not be shown directly — it is sufficient to demonstrate the existence of objective indicators (Procházka, Kupčík, Brychta, 2022).

2.4. Systemic weaknesses of company law: why entity rotation is so easy

Fleet fraud could not operate at this scale if a Czech company and trade-licensing law erected higher entry barriers to incorporating and running an s.r.o. Act No. 90/2012 Coll., on business corporations (ZOK), has set the minimum share capital of an s.r.o. at a token CZK 1 since 2014 — the deliberate result of a liberalization designed to ease the market entry of start-ups. A side effect is that a fraudulent fleet partner can incorporate an s.r.o. with virtually no financial commitment, operate it for 12–18 months, and then discard it at minimal cost.

The second structural weakness is the absence of any preventive fitness test for company directors. Disqualification of a member of a statutory body under § 63 et seq. ZOK applies only *ex post* — after breaches of the duty of due care or insolvency are established. A straw man can, therefore, be registered as the director of a new s.r.o. even when listed in the insolvency register or burdened with multiple enforcement actions, since the Companies Register court typically does not verify these matters at the moment of direct registration.

A third weakness is a gap in the VAT control statement (*kontrolní hlášení*). The obligation to file the control statement (§ 101c et seq. of the Czech VAT Act) applies to registered VAT payers, not to "identified persons." Therefore, a fleet partner registered as an "identified person" files no control statement, depriving the FS of one of the key cross-checking instruments in the VAT chain — and the entity can generate fare revenue without leaving any electronic footprint comparable to that of a registered VAT payer.

Finally, current law imposes no duty to set aside funds for future liquidation. A fleet s.r.o. may end its activity through insolvency or removal from the Companies' Register without any financial reserve — and the resulting tax debt is reclassified as an irrecoverable claim of the state. Introducing a mandatory escrow account tied to the taxi-service license, with forfeiture in the event of tax arrears, would significantly reduce this asymmetry without disturbing the general regime applicable to limited liability companies.

III. Tax-law analysis: the failure of existing instruments

3.1. VAT: the problem of identification and collection

VAT collection in the fleet-transport setting confronts a structural problem: the dispersal of tax liability across a large number of small entities in rapid rotation. VAT presupposes that every link in the chain declares and remits the tax; where one link fails, the system relies on the "missing tax" detection mechanisms developed in CJEU case-law (CJEU, 2006).

The FS applies the following steps — a three-step test articulated in the case law of the Czech Supreme Administrative Court (NSS, 2019; Procházka, Kupčík, Brychta, 2022):

1. Identification of missing tax: FS must demonstrate that the fleet partner failed to remit VAT as a result of deliberate intent (fraud) and not mere insolvency.
2. Proof of the customer's knowledge: the platform or another customer must have known or ought to have known that it was participating in the fraud. Under *KONREO* (CJEU, 2025), the FS may simultaneously refuse the VAT deduction and invoke the joint and several liability under § 109 of the Czech VAT Act.
3. Measures taken: the taxable person must show that it took reasonable measures to avoid participating in the fraud.
4. A dogmatic clarification is necessary between VAT fraud (Kittel, paras. 56–61) and abuse of law (Halifax, paras. 74–75). The Halifax test is two-pronged: a tax advantage that formally complies with the VAT rules but is contrary to their purpose, together with objective indicators that the essential aim of the transaction was to obtain that advantage. Kittel, by contrast, addresses tax non-remittance and the constructive knowledge of participants in the supply chain. The CJEU has confirmed that the prohibition of both fraud and abuse constitutes a general principle of EU law applicable independently of national implementing rules (Cussens, para. 32; Italmoda). In the Czech fleet model the two doctrines operate sequentially. The rotation of s.r.o. entities by the same beneficial owners – timed to remain below the CZK 2 million turnover threshold and to retain "identified person" status – is best characterized as structural abuse of law in the Halifax sense: it formally complies with registration rules but its essential aim is to extract a tax advantage contrary to the purpose of those thresholds. The subsequent non-remittance of collected VAT followed by the entity's disappearance is, in turn, classic missing-trader fraud within Kittel. The two doctrines yield distinct primary remedies – re-characterization of transactions (substance over form) for abuse, and § 109 ZDPH joint-and-several liability plus securing orders for fraud – yet, as KONREO confirms, they are not mutually exclusive and may be combined against a single supply chain.

The principal difficulty lies in step 1: to demonstrate intentional fraud, the FS needs to compare the transaction data recorded by the platform with the fleet partner's tax returns. Until October 2025, the FS did not have access to those data, or received them only with the annual delay imposed by DAC7.

3.2. The unreliable-VAT-payer mechanism and its limits

Act No. 235/2004 Coll. introduced, by a 2013 amendment, the unreliable-VAT-payer status (§ 106a of the Czech VAT Act), whose practical effect is to render customers jointly and severally liable for the VAT not remitted by such a payer (§ 109(3) of the Czech VAT Act). For fleet partners the instrument is of limited effectiveness:

- Time lag: designation occurs only after the tax administration has documented a serious breach; by that point the fleet partner is typically already winding down.
- An "identified person" is not a VAT payer: § 106a of the Czech VAT Act applies only to registered VAT payers, not to "identified persons" — those entities are *de facto* immune.
- Entity rotation: even where one entity is designated unreliable, the activity migrates to a successor that is, for the time being, "reliable."

The Czech Supreme Administrative Court has confirmed that the tax administration offsets these limits by issuing securing orders (*zajišťovací příkaz*) under § 167 of the Tax Code (NSS, 2017). For their issue, a higher likelihood — rather than certainty — that tax collection is at risk suffices (NSS, 2022; NSS, 2023).

3.3. Procedural limits: DAC7 and information asymmetry

A key systemic problem is the information asymmetry between the tax administration and the platforms. The platform holds, in real time, data on every ride and every payment flow; the tax administration has obtained historically those data either through *ad hoc* requests (§ 57 of the Tax Code) or through the annual DAC7 reporting (§ 14i et seq. of Act No. 164/2013 Coll.).

Council Directive 2021/514/EU (DAC7) has indeed introduced an obligation for platforms to report seller income, but reporting is annual — by 31 January of the year following the tax period. Where a fleet partner deliberately winds up before year-end, the DAC7 data arrive too late for any effective procedural response.

3.4. EU case-law on platform liability

General CJEU VAT case-law lays down a key knowledge standard (*Kittel*, CJEU, 2006): the right to deduct may be denied to a taxable person who knew or should have known that, by its purchase, it was participating in VAT fraud. *Konreo* (CJEU, 2025) has confirmed that the refusal of deduction may be combined with joint and several liability for the same tax. A platform that, as principal, receives the transport capacity of a fleet partner and knew or should have known of the tax fraud may bear liability for the unpaid VAT under § 109 of the Czech VAT Act.

In UK practice a parallel route – domestic licensing law rather than direct reception of the CJEU's Elite Taxi doctrine – has produced similar principal-supply consequences in the London market. In R (United Trade Action Group Ltd) v Transport for London (Divisional Court, 2021) Males LJ and Fraser J held that, under the Private Hire Vehicles (London) Act 1998, a licensed operator accepting a booking must enter as principal into a contract with the passenger. Subsequently, Uber London Ltd changed its model with effect from 14 March 2022 and, in October 2022, settled approximately GBP 615 million of HMRC VAT claims relating to the prior agency-model period. Since March 2022 Uber has accounted for VAT under the Tour Operators Margin Scheme (TOMS); HMRC contests that classification and a further assessment of approximately GBP 386 million remains under appeal (UK High Court (Admin), 2021). In July 2025 the UK Supreme Court in D.E.L.T.A. Merseyside Ltd and another v Uber Britannia Ltd [2025] UKSC 31 confirmed unanimously that section 56(1) of the Local Government (Miscellaneous Provisions) Act 1976 – the parallel statute outside London – is a deeming provision that does not require private hire operators to contract as principals, leaving agency models lawful for non-London operators (UK Supreme Court, 2025).

The relationship between the Czech fleet model and the EU principal-versus-intermediary dichotomy warrants closer doctrinal articulation. In Elite Taxi (paras. 38–39), the CJEU classified Uber as a transport-service provider on three cumulative criteria: (i) the platform's creation and organization of the supply of urban transport; (ii) reliance on non-professional drivers using their own vehicles; and (iii) decisive influence over fares, payment collection and driver conduct (including the power to exclude drivers from the platform). Star Taxi App (para. 53) confirmed the obverse: absent these elements – in particular price-setting, payment collection and quality control – the platform remains a mere information-society service. A parallel route to platform liability runs through the "undisclosed agent" rule under Articles 14(2)(c) and 28 of Directive 2006/112/EC: where a platform (or a fleet partner) takes part in a supply in its own name but for another's account, it is deemed to have itself received and supplied the service regardless of the formal contractual structure (Zechner, 2022). Therefore, interposing a fleet partner between platform and driver does not, of itself, defeat the principal qualification – provided the platform retains effective control over price, drivers, and payment flows, the fleet partner is open to characterization as a formal interposed link (substance over form). The Czech Supreme Administrative Court has not ruled yet on whether such an interposition fractures the Elite Taxi chain of decisive influence; this remains a critical open doctrinal question for the future deployment of § 109 of the Czech VAT Act against platforms in cases of demonstrated knowledge of fraud.

3.5. GDPR as a double-edged sword: ongoing data sharing and platform risk

The knowledge standard described above generates a paradoxical incentive structure for platforms: the more data a platform collects and shares on an ongoing basis, the easier it becomes for the tax administration to demonstrate that the platform knew or could have known of the fleet partners' tax behavior. In other words, the voluntary transparency that the Memorandum delivers potentially strengthens the FS's case for applying § 109 of the Czech VAT Act against the platform itself.

The Kittel "knew or should have known" standard functions as an objective–subjective test whose limits are set by two CJEU decisions. Mahagében (paras. 60–62) provides the protective shield: absent objective indicators of irregularity, the tax administration may not require a taxable person to verify systematically that its supplier complies with its tax duties – to do so would unduly transfer the authority's investigative burden onto the taxpayer. PPUH Stehcemp (paras. 47–50) reverses that protection once objective red flags materialize: a prudent trader must then conduct enhanced inquiries, and failure to do so amounts to constructive knowledge. The Czech Supreme Administrative Court in Autodoprava K&K (NSS, 2 Afs 162/2018-43, paras. 50, 84) added that the administration need not map every link in the chain – it must demonstrate a cumulative set of objective circumstances that would have raised suspicion in any prudent operator. Applied to a digital ride-hailing platform, the dogmatically defensible indicators are, therefore, those grounded in this body of case-law: (i) the lack of material substance of the fleet partner – no vehicles, employees or premises (Stehcemp, para. 47); (ii) systematic rotation of s.r.o. entities by the same beneficial owners, timed to the CZK 2 million threshold (NSS, Autodoprava K&K); (iii) registration as an "identified person" combined with high volumes of platform-mediated domestic transport (NSS, Autodoprava K&K, para. 84); and (iv) disjointed payment flows, where funds remitted by the platform are immediately swept out of the partner's accounts. The Bolt–FS Memorandum gives the platform structured, continuous access to precisely the data that render these indicators visible, which, paradoxically, strengthens the case for applying § 109 of the Czech VAT Act against the platform itself where it fails to respond proportionately. Platforms entering such memoranda would, therefore, be well advised to adopt complementary internal compliance procedures (analogous to KYC/AML diligence) for ongoing assessment of fleet-partner risk.

The other side of the same coin is GDPR risk. The ongoing transfer of drivers' and fleet partners' personal data to the tax administration — particularly in volumes exceeding the statutory duty under DAC7 — must rest on an adequate legal basis and must not result in an unrestricted flow of data outside the EU. This very issue arose with full urgency in the case of Uber and the *Autoriteit Persoonsgegevens* (hereafter AP), the Dutch data protection authority. By decision of 26 August 2024, the AP imposed on Uber a fine of EUR 290 million — among the highest in the history of GDPR enforcement — on the ground that Uber had, over a two-year period (2021–2023), transferred personal data of European drivers (including location data, rating reports and identity documents) to its servers in the United States without the adequate safeguards required by Article 46 of Regulation (EU) 2016/679 (Autoriteit Persoonsgegevens, 2024).

This case is decisive for the analysis of the Bolt–FS Memorandum on two grounds. First, it shows that even seemingly internal or commercially motivated data operations may amount to a serious GDPR breach where they touch on the personal data of the platform's contractual partners (here, drivers). Second, it shows that regulatory risk lies not only with the state as recipient but primarily with the platform as data controller (or processor). The Bolt–FS Memorandum cannot, therefore, be viewed as a mere "transfer of data to the tax authority:" from the GDPR perspective it is processing of personal data that must rest on a lawful basis, satisfy the principles of minimization and purpose limitation, and must not result in transfers outside the EEA without adequate safeguards.

The legal resolution of this tension — between the fiscal effectiveness of ongoing reporting and the GDPR — is a statutory basis for a sub-annual data-transfer cycle that at the same time qualifies as a legal obligation in the sense of Article 6(1)(c) GDPR. Without such a basis the Memorandum operates in a legally grey zone that exposes the platform to a twin risk: tax (knowledge standard ⇢ VAT liability) and data protection (excessive processing ⇢ AP fine). That symmetry of risks gives platforms a strong incentive to push for a swift legislative anchor — which is exactly the logic of *de lege ferenda* proposal No. 1 in section VIII.2.

IV. The Bolt–FS Memorandum: soft law as a counterweight to legislative delay

4.1. Content and legal nature of the Memorandum

In October 2025, the FS and the Bolt platform concluded a Memorandum on Cooperation in which Bolt undertook to share data on fleet partners and transactions with the FS at monthly intervals, beyond the duties imposed by DAC7 (GFŘ, 2025). The Memorandum is a typical soft-law instrument: it does not take the form of a legally binding act and its performance cannot be enforced through administrative sanctions. It is a gentlemen's agreement between a private-law entity and a public authority.

The use of memoranda for information-gathering and closer cooperation is not a novelty. A comparable arrangement was already employed in the case of accommodation platforms: as early as 2018, the Czech Tax Administration and the City of Prague concluded a memorandum on the mutual exchange of information aimed at identifying landlords who failed to meet their tax obligations. Airbnb offered Prague cooperation and data sharing on accommodated guests, but the initial offer was limited to anonymized statistics rather than the host-level data the authorities sought (City of Prague, 2018). For an in-depth treatment of taxation of accommodation platforms see Janovec (2023).

Data delivered on a monthly cycle enable the FS to: (i) identify in real time mismatches between a fleet partner's transactions and its tax behavior; (ii) initiate search activity under § 78 of the Tax Code before the fleet partner can effect a rotational replacement of the entity; and (iii) issue securing orders under § 167 of the Tax Code at the moment a reasonable concern arises that the tax may become irrecoverable.

Analytically, the Memorandum is a procedural key to overcoming the evidentiary barrier identified in the NSS judgment in *Autodoprava K&K* (NSS, 2019): without comparative data, proving missing tax as deliberate fraud was, in practice, impossible.

Compared with the existing regime — chiefly the broadly conceived search activity, local inspection and requests for information from entities within the supplier-customer chain under Act No. 280/2009 Coll., the Tax Code — what is needed is data not only in real time but also in a form amenable to machine processing. The Tax Code does not provide for this expressly. While the tax administration may obtain information through search activity without the cooperation of the taxable person — for example, from its business partners — nothing obliges those business partners to provide such information electronically and in a machine-readable format, still less in a defined data structure.

It would be worth adding entities such as internet platforms to § 57 of the Tax Code and imposing on them an obligation to provide certain information — placing them, in this regard, at least on a par with postal-service operators, telephone-service operators and banks. In substance, these services are closest to operators of periodicals; in the authors' view, given the reasons for which the law imposes additional duties on those operators, this part of the provision is today obsolete (it is, for instance, no longer feasible to physically locate a taxable person at a physical address now that subscription has also moved online).

4.2. Empirical evidence: the Danish data-sharing analogy

Empirical support for the effectiveness of data sharing comes from Danish experience. In 2018, the Danish tax agency concluded a data-sharing arrangement with Airbnb. Using a difference-in-differences design, Garz and Schneider (2023) found that the arrangement led to a 14% drop in accommodation supply (the departure of operators unwilling to declare income), an 11% rise in prices and a measurable increase in tax compliance. That effect — selectively penalizing tax cheats while leaving compliant actors active — is analogous to the expected effect of the Bolt–FS Memorandum.

Estonia entered into voluntary agreements with sharing platforms (Airbnb, Uber/Taxify) at the turn of the decade. The result was a six-fold increase in declared platform income (cited in Garz, Schneider, 2023).

4.3. Platform incentives: game theory and first-mover advantage

From a game-theoretic perspective, this is an asymmetric coordination game: the fleet model offers a short-term cost advantage but generates reputational and regulatory risk over the longer horizon. A platform that is first to conclude a Memorandum gains reputational standing with the regulator and shapes effectively the parameters of subsequent legislation. This logic — first-mover advantage in regulatory cooperation — is also borne out by Estonian experience, where the first platform to enter a data-sharing agreement secured a privileged partnering position with the MTA.

V. GDPR and the limits of data sharing: fiscal interest versus data protection

5.1. Personal data in fleet-partner records

The data shared by Bolt with the FS undoubtedly include personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679 (GDPR). Every ride transaction is connected to the identity of the driver, of the fleet partner and, indirectly, to location data. Processing is lawful only where one of the legal bases under Article 6 GDPR applies. In the case of the Memorandum the position is legally complex: the "legal obligation" basis (Article 6(1)(c) GDPR) covers only the annual DAC7 reporting — monthly reporting goes beyond any statutory duty.

The decision of the *Autoriteit Persoonsgegevens* (2024), imposing on Uber a fine of EUR 290 million for transfers of driver data outside the EU without adequate safeguards, illustrates the gravity of regulatory risk in this field.

5.2. The proportionality test

The data-minimization principle (Article 5(1)(c) GDPR) requires processed data to be adequate and limited to what is necessary. Monthly reporting is supported by the demonstrable insufficiency of the annual DAC7 cycle and the administrative difficulty of *ad hoc* requests under § 57 of the Tax Code. Against it weigh the network effect of collecting driver data at the level of compliant partners and the absence of any statutory basis for a sub-annual cycle.

In the authors' view, GDPR compliance and legal certainty call for the statutory anchoring of a shorter reporting cycle directly in Act No. 164/2013 Coll., on international cooperation in tax administration, or in the Czech VAT Act.

VI. Comparative law: Estonia, the United Kingdom, and the Danish model

6.1. Estonia: voluntary cooperation as a legislative catalyst

Estonia is a paradigmatic example of a state actively cooperating with platforms before introducing mandatory regulation. The Estonian MTA concluded data-sharing agreements with Airbnb and Uber/Taxify. The result was a six-fold increase in declared platform income (cited in Garz, Schneider, 2023) — not the product of mass audits but of deterrence: a higher subjective risk of detection led to anticipatory behavioral change. The trajectory from soft law to hard law illustrated by the Estonian experience is precisely the trajectory the Czech initiative follows.

6.2. The United Kingdom: reclassifying platforms and the VAT assessment

The UK trajectory has been driven by statutory interpretation of domestic licensing regimes rather than by direct reception of the CJEU's Elite Taxi line. In R (United Trade Action Group Ltd) v Transport for London (UK High Court (Admin), 2021) the Divisional Court held that the Private Hire Vehicles (London) Act 1998 requires a licensed London operator accepting a booking to contract as principal with the passenger. Accordingly, Uber London Ltd changed its model in March 2022, settling approximately GBP 615 million in pre-model-change VAT and adopting the Tour Operators Margin Scheme (TOMS) thereafter – a classification HMRC contests in an ongoing assessment of approximately GBP 386 million. In D.E.L.T.A. Merseyside Ltd and another v Uber Britannia Ltd [2025] UKSC 31 the UK Supreme Court (2025) unanimously held that section 56(1) of the Local Government (Miscellaneous Provisions) Act 1976 – applicable outside London – is a deeming provision and does not impose a principal-contracting obligation, leaving non-London operators free to use agency models. Therefore, direct application of the British precedents to the Czech setting turns on the specific statutory regime governing taxi services, not on a general doctrinal principle.

6.3. Denmark: empirical foundation for the soft-law approach

The Danish data-sharing arrangement with Airbnb (Garz, Schneider, 2023) demonstrated that voluntary data sharing reduces tax evasion without a dramatic legislative reform. The effect was selective: it deterred non-paying actors while leaving compliant entities undisturbed. That is precisely the desirable effect in the fleet-transport setting.

VII. Outlook: ViDA and the “deemed supplier” as a legislative solution

7.1. The ViDA package and the platform as the deemed supplier

The VAT in the Digital Age (ViDA) package — whose key components enter into force on 1 July 2028, with an opt-out to 1 January 2030 (Council Regulation (EU) 2025/516) — introduces a deemed-supplier rule: the platform will be treated, by operation of law, as the supplier of the transport service for VAT purposes, and will be obliged to remit VAT on the full value of the fare regardless of the fleet partner’s tax conduct.

The platform thereby becomes the final and most reliable link in the VAT chain: it holds the data, channels the financial flow and has direct incentives to comply. The deemed-supplier rule resolves the problem of fleet rotation effectively: instead of regulating hundreds of fleet partners, the regulator need address only the single platform (Merkx, 2024).

7.2. The Memorandum as a transitional instrument

The Czech Republic faces a gap of roughly three to five years (2025–2028/2030) during which the new framework does not yet exist. The Bolt–FS Memorandum is exactly what such a bridge should be: a temporary, innovative and functionally effective instrument. From a legislative perspective, however, the following are desirable: (1) amendment of § 14i of Act No. 164/2013 Coll. — a quarterly reporting cycle for high-risk sectors; (2) extension of § 106a of the Czech VAT Act to “identified persons;” (3) statutory anchoring of a duty for the platform to cooperate in enforcement.

VIII. Conclusion and *de lege ferenda*

8.1. Main findings

This article advances three principal analytical findings.

First, the fleet model in ride-hailing is a systemic fraud whose basic structure is a purpose-built intermediary used to disperse tax liability. Existing statutory instruments fail not because they are badly designed, but because they are reactive in the face of a proactively adapting tax evasion. The fraud is further facilitated by the benevolent regulation of the incorporation and dissolution of commercial companies: setting up an intermediary in the form of an s.r.o. is, in legal terms, a simple and rapid matter (in itself a desirable feature of freedom of establishment, but one that carries numerous risks) and, in economic terms, an inexpensive one.

Second, the Bolt–FS Memorandum exemplifies soft law in tax administration: voluntary, proactive, informationally symmetrical and — as analogous foreign experience demonstrates — empirically effective (Garz, Schneider, 2023). Its weakness is the absence of a statutory basis for sub-annual data collection and the open question of GDPR compliance. These limits are remediable through legislation.

Third, the ViDA package (2028/2030) will deliver a structural solution through the deemed-supplier rule. Until that point, the Czech Republic must rely on a combination of soft-law instruments and reinforced procedural powers.

8.2. *De lege ferenda*: five proposals

1) Amendment of § 14i of Act No. 164/2013 Coll. — introducing a quarterly reporting cycle for platforms in high-risk sectors. Result: a statutory GDPR basis and operational data for the tax administration.
2) Extension of § 106a of the Czech VAT Act to “identified persons.” Fleet entities registered only as “identified persons” are im-

mune to the unreliable-VAT-payer mechanism. An amendment would close this gap.

3) Statutory anchoring of a duty for platforms to cooperate in enforcement — an amendment of the Tax Code allowing the tax administration to require the platform, as a "third person," to withhold the fleet partner's receivables upon issuance of a securing order.
4) Anticipatory implementation of the ViDA deemed-supplier rule — voluntary (opt-in) adoption for platforms ahead of the binding EU deadline of 2028/2030. A platform that undertakes to remit VAT on behalf of fleet partners eliminates all fleet-related risks.
5) A sector-specific deposit and automatic linkage between the trade-licensing and tax registers. Drawing on the deposit analogy in fuel distribution (Act No. 311/2006 Coll.) and in temporary work agencies (Act No. 435/2004 Coll., deposit of CZK 500,000), an amendment of Act No. 111/1994 Coll. (the Road Transport Act) could condition the grant of a concession for passenger transport on digital platforms upon a deposit of CZK 100,000–300,000 placed in a custodial account, with that deposit forfeited to the state in the event of tax arrears exceeding a defined threshold. In parallel, legislative linkage between the register of taxable persons (GFŘ) and the trade-licensing register would be desirable, so that unreliable-VAT-payer status or tax arrears above a defined threshold would lead to the automatic and immediate suspension of the entity's concession — without the need for separate *ad hoc* proceedings before the trade-licensing office. The de-platforming of problematic fleet partners would thereby be accelerated, and the need to await the outcome of a tax audit typically lasting 12–24 months would fall away.

The *de lege ferenda* proposals must be assessed under the EU proportionality test as articulated in Gebhard (para 37): any restriction on freedom of establishment (Article 49 TFEU) or freedom to provide services (Article 56 TFEU) must be applied without discrimination, be justified by an overriding public interest, be suitable to attain that interest, and not exceed what is necessary. The sectoral deposit (Proposal 5) is in principle compatible with this framework, since prevention of tax evasion is a well-established overriding interest. Its design, however, must avoid the necessity pitfall identified in X-Steuerberatungsgesellschaft (C-342/14): a flat deposit applied uniformly to single-vehicle owner-operators and to multi-vehicle fleet s.r.o.'s alike is likely to fail necessity scrutiny, and a risk-graduated deposit (calibrated to fleet size or projected turnover) should be preferred. The automatic linkage between the tax and trade-licensing registers (also Proposal 5) collides with Article 22 GDPR. The CJEU Grand Chamber in SCHUFA Holding (Scoring) (C-634/21, paras 43, 73) held that an automated probability score on which a third party relies decisively to alter a legal relationship is itself an „automated individual decision" within the meaning of Article 22 – a holding directly applicable to any regime in which the tax administration's "unreliable VAT payer" flag automatically triggers licence suspension by the trade-licensing authority. The Czech Constitutional Court has, on parallel grounds, repeatedly struck down "liquidating sanctions" (*likvidační sankce*) imposed without individualised proportionality assessment (Pl. ÚS 52/13). The proposals must, therefore, embed minimum procedural safeguards: the right to be heard before suspension takes effect, the suspensive effect of judicial appeal, and transparent, publicly available criteria governing the risk-status designation. With those safeguards in place, the proposed instruments have a realistic prospect of surviving proportionality review before both the Czech Constitutional Court and the CJEU.

8.3. Closing remarks

The Bolt–FS Memorandum poses a fundamental question of tax law: to what extent can voluntary cooperation by the private sector serve as a substitute for legislative compulsion? Danish and Estonian experience suggests that, over the short horizon, voluntary cooperation can in fact be more effective. The optimal model is not "soft law versus hard law" but a layered approach: soft law as the rapid first instrument, statutory regulation as the foundation of legal certainty, and the EU deemed-supplier rule as the structural final solution. The Memorandum with Bolt is the first link in that chain.

It is also worth asking whether this cooperation is purely voluntary. Already with the first intimations of memoranda in the accommodation-platform field, the tax administration is reported to have reminded those e-commerce entities that they too are taxable persons subject to its supervisory powers, and that it could obtain such data sooner or later because they relate to its tax-administration mandate; refusing cooperation could fundamentally complicate the platforms' operations. The platforms, therefore, pragmatically chose cooperation — which is, after all, one of the basic principles of tax administration (§ 6(2) of the Tax Code). Once a taxable person duly discharges its obligations, there is no reason to fear self-incrimination from a criminal-law perspective.

It bears emphasizing that instruments such as the DAC7 directive or the unreliable-VAT-payer status do not, in this context, fail *a priori*. The problem is, rather, a commercial-law one: the institute of legal personality and the separation of company assets from those of the entrepreneur are being misused. The aim is, obviously, to reduce or wholly avoid tax liability and thereby curtail public budgets (tax reduction); but it is also — and this may be more dangerous over the long horizon — anti-competitive conduct and the procurement of unfair advantage among competitors on the relevant market.

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