

# VAT rules for financial and insurance services today and tomorrow

Fields marked with \* are mandatory.

## Introduction

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### Objective

The objective of this public consultation is to obtain the views of stakeholders and public authorities of the Member States on the current VAT rules for financial and insurance services and their functioning as well as on possible changes to these rules. The answers provided will feed into the review of the relevant provisions of [the VAT Directive](#) and will contribute to a possible future legislative proposal.

### Context

The current VAT rules for financial and insurance services are criticised for being **complex, difficult to apply** and for **not having kept pace with the developments of new products and services**. This seems to have led to a lack of **VAT neutrality, legal uncertainty** and **high administrative and regulatory costs**.

VAT is a tax levied on the consumption of goods and services within the European Union. It is a multi-stage tax calculated, and thus charged, on each stage of the value chain. Operating businesses pay the VAT due on their supplies at regular intervals. This is the VAT due on their outputs – the output VAT – after deducting the VAT on their inputs – the input VAT. The system of deduction ensures that the tax is neutral, with respect to the length of the supply chain and the number of transactions therein. However, where the output supply is exceptionally not taxed because it is exempt or out of the scope of the application of VAT, the right to deduct does not hold.

### Main issues under the current rules

However, under the current rules, financial and insurance services constitute an exception to these principles: as listed in Article 135(1)(a)-(g) of the VAT Directive, most of them are exempt from VAT. The reasons behind the introduction of the exemption are multiple, but mostly related to the technical difficulty to calculate the tax amount. However, these rules were introduced in 1977 and have since become outdated.

Because of the exemption, the providers of financial and insurance services **cannot deduct the VAT incurred on inputs**, notably – but not exclusively – on investment goods, that are used to produce exempt outputs. This deprives the tax of its neutrality: unlike for other businesses, who can deduct it, VAT becomes a cost for providers of financial and insurance services, and, eventually, for their customers (as the so-called 'hidden VAT').

To address the problem of hidden VAT, the VAT Directive provides for a number of structural provisions:

- **The option to tax** allows providers of financial services to charge VAT on certain otherwise exempt services, and thus to increase the proportion of taxed turnover and the corresponding input deduction. It is, however, up to Member States to introduce such an option and it is not available to insurance service providers.
- More commonly, financial and insurance service providers make use of two other existing instruments to minimise irrecoverable (hidden) VAT: **VAT groups** and – until recently – **cost-sharing arrangements**.

Since financial and insurance service providers are usually part of large company groups or other networks, these two instruments, albeit being different from a legal perspective, allow them to centralise at group level common business functions (e.g. IT services, accountancy, regulatory compliance, back office support, tax advisory) without generating irrecoverable input VAT on intra-group charges. However, on the one hand, the Court of Justice of the European Union (CJEU) in 2017 found cost-sharing arrangements used by financial and insurance operators inadmissible (see judgements [1](#), [2](#) and [3](#)). On the other hand, the VAT grouping scheme is limited exclusively to operators established in the same Member State and is implemented (if at all) in various ways across the EU. This raises the question of how to address the problem of hidden VAT in this important economic sector.

Apart from the implications of this recent case law, the VAT treatment of financial and insurance services raises other problems. The current rules are believed to be **complex** and **difficult to apply in practice**, and possibly **have not kept pace with the developments of new services** in the financial industry (for example services linked to crypto-assets and e-money). This seems to have led to **increasing litigation before the CJEU**, **legal uncertainty** and **high administrative and regulatory costs**. Moreover, such rules are interpreted and applied inconsistently by Member States, which contributes to **distortions** within the EU and in exchanges with third countries.

The Commission proposed to review the rules on the VAT treatment of financial and insurance services already in 2007 through a legislative package that comprised [a proposal for a Council Directive](#) and [a proposal for a Council Implementing Regulation](#). However, the discussions in the Council came to a standstill and the proposals were [withdrawn in 2016](#).

Against this background, as announced in the Communication on an [Action Plan for fair and simple taxation supporting the recovery strategy](#), the Commission is currently preparing a proposal to review the VAT rules for financial and insurance services. This initiative is part of the objective to simplify the life of taxpayers operating in the Single Market, one of the priorities laid down in the Political Guidelines for the present Commission.

## Glossary

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Terms used in this context:

- **Taxable amount:** the amount in respect of a taxable transaction upon which VAT is chargeable.
- **Output VAT:** the VAT due on taxable persons' supplies' or outputs.

- **Input VAT:** the VAT paid by taxable persons for supplies made to them with regard to their business activity.
- **Hidden VAT:** a consequence of the exemption; input VAT becomes irrecoverable and increases costs for service providers while being invisible to customers as not invoiced as such to them.
- **VAT neutrality:** one of the most important principles of the VAT system, ensuring that the VAT due by the final consumer is the same, regardless of the nature or length of the supply chain for producing it; VAT is collected fractionally via a system of partial payments whereby at each stage of the supply chain, the taxable person deducts input VAT paid from the output VAT collected.
- **Option to tax** under Article 137(1)(a) of the VAT Directive: an optional regime allowing financial service providers to consider otherwise exempt supplies as taxed.
- **VAT grouping** under Article 11 of the VAT Directive: a simplification measure that allows, if introduced by the Member State, groups of 'legally independent' persons 'closely bound to one another by financial, economic, and organisational links' to be treated as a single taxable person. Consequently, intra-group transactions become, from a VAT perspective, "intra-company" supplies and thus fall outside the scope of the tax and do not result in irrecoverable input VAT.
- **Cost-sharing arrangements** under Article 132(1)(f) of the VAT Directive: an exemption allowing amongst others providers of certain exempt services to form 'independent groups', to pool the acquisition of input supplies and re-distribute the costs, from the group to its members.
- **Proportional (pro rata) deduction** based on Article 173 et seq. of the VAT Directive: Member States may apply different methods to determine the input VAT that can be deducted in the case of a taxable person supplying taxed, exempt and out-of-scope services.
- **Fee-based taxation:** a method of calculation of the taxable amount based on the remuneration linked to financial and insurance services.

## About you

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### \* 1 Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian

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\* 2 I am giving my contribution as

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- Business association
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- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

\* 3 First name

Pieter

\* 4 Surname

BAERT

\* 5 Email (this won't be published)

p.baert@businessseurope.eu

\* 9 Organisation name

*255 character(s) maximum*

BusinessEurope

\* 10 Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

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\* 12 Country of origin

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The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

##### **Anonymous**

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

##### **Public**

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## Your experience with the current rules

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20 The exemption of financial and insurance services from VAT was introduced in 1977 as an exception to the general rule that VAT is to be levied on all services supplied for consideration by a taxable person. To what extent do you agree that the exemption is still needed?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Not sure

21 In general, how would you assess the functioning of the exemption of financial and insurance services?

The exemption...

- ... works very well
- ... works well, but could be improved
- ... works poorly and should be improved
- ... should be removed
- No opinion

22 Please indicate the reason(s) why.

The exemption...

Multiple answers possible

- ... is too costly to apply
- ... is too complex in terms of notions (structural provisions and the definition of exempted services)
- ... is not clear in terms of notions (structural provisions and the definition of exempted services)
- ... may have a distortive effect on competition with businesses in other Member States
- Other
- No opinion

24 How do you estimate the impact of the lack of input tax deduction and hidden VAT?

Multiple answers possible

- They create a price barrier to outsourcing
- They undermine the level playing field between providers of outsourced services and in-house providers
- They affect the business structures of those operating in the financial and insurance sector
- They increase the costs for business customers
- They increase compliance costs
- They undermine the competitiveness of the sector
- Other
- Do not know

26 The compliance with VAT rules can be more difficult when supplying financial and/or insurance services cross-border. How do the factors listed below contribute to that effect?

	Not at all	Somewhat	To a large extent	No opinion
Difficulty of finding information on VAT obligations in other Member States	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Different interpretations on definitions of exempted services	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Different rules for opting to tax	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Availability of VAT grouping	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of cost-sharing arrangements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Different deduction methods	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Different VAT obligations in other Member States	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

28 Do you think that the current rules hinder the development of cross-border supplies of financial and insurance services?

- Yes
- No
- Do not know

29 Please indicate the reason(s) why.

Multiple answers possible

- Regulatory ecosystem too complex
- VAT rules for financial and insurance services too complex
- Discrepancies across VAT treatment by Member States
- Other

34 The exemption was put in place i.a. due to the technical difficulty to calculate the taxable amount. To what extent do you agree that progress in technology, enhanced transparency rules and experiences gained from other countries and from other indirect taxes could help overcome this issue?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Do not know

35 Do the current VAT rules for financial and insurance services result in prices lower than those that would apply if these services were taxed?

- Yes, but just for final non-taxable customers
- Yes, for all customers
- In part, due to other similar taxes
- No
- Do not know

36 To what extent are the current structural provisions effective in increasing the deduction of input tax and reducing the impact of hidden VAT?

	Not effective at all	Somewhat ineffective	Neither effective nor ineffective	Somewhat effective	Very effective	No opinion
Option to tax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
VAT grouping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost-sharing arrangements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Proportional deduction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

37 VAT provisions related to financial and insurance services can be perceived as complex. For which of the current structural provisions is that correct?

Multiple answers possible

- Option to tax
- VAT grouping
- Cost-sharing arrangements
- Proportional deduction
- None

38 To what extent do you agree or disagree with the following statement: The lack of input tax deduction is detrimental to the financial and insurance sector. It compels the sector to outsource services which are typically provided in-house, thus raising the costs.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Do not know

40 To what extent do you agree that the current VAT rules are fit to cover emerging trends in the industry (such as digitalisation)?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Do not know

41 The VAT treatment of emerging trends under the current VAT rules for financial and insurance services can be problematic due to unclear definitions for VAT purposes. In connection with which of the emerging trends listed, do you consider this correct?

Multiple answers possible

- Services provided by means of fintech
- E-money

- Services linked to crypto-assets (such as mining)
- Payment services
- Other
- Do not consider it problematic
- Do not know

42 Please indicate which other trend(s).

Reinsurance and intermediaries

43 The regulatory framework in the financial and insurance sector (e.g. the Markets in Financial Instruments Directive (MIFID) and the Insurance Distribution Directive (IDD)) has strengthened the role of intermediaries. Do you consider the VAT exemption to be coherent with this development?

- Yes
- No
- Do not know

## Possible changes to the current rules

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The Commission is intending to prepare a proposal that will seek to modernise the current VAT rules for financial and insurance services. Your answers will feed into the review of these rules.

44 In your view, which would be the best way to reform the rules on exemption?

Multiple answers possible

- Update definitions of exempt services drawing on the extensive CJEU case law in the field of VAT
- As regards the definitions, refer to other EU regulations governing the financial and insurance sector
- Removing the exemption, so that definitions will be no longer needed
- Other
- Do not know

45 Please indicate which other way(s).

it should at least be possible to remove the exemption for fee-based financial and insurance services, with a particular focus on B2B-transactions.💎

46 The removal of the exemption for financial and insurance services could benefit the neutrality of the VAT system. What could be other effects of such a removal?

Multiple answers possible

- Simplification in the application of the VAT rules for financial and insurance services
- Lower VAT compliance costs
- Less distortive effect of the exemption on competition linked to suppliers from non-EU countries operating in the EU
- Higher VAT compliance costs
- Higher complexity of VAT rules
- None
- Other

47 Please indicate which other effect(s).

48 If only fee-based financial services were to be taxed, in relation to which of them would it be difficult to determine the taxable amount?

Please explain.

49 Financial service providers may currently opt for taxation and obtain the right of deduction, but it is up to each Member State to introduce such option. Should Member States keep that discretion?

- Yes
- No, it should be available in all Member States
- No opinion

50 Not having a right of deduction when supplying exempt financial and insurance services impairs the neutrality of VAT. To what extent would you support or oppose the introduction of a fixed rate of input tax deduction to remedy that effect?

- Strongly support
- Support
- Oppose
- Strongly oppose
- No opinion

51 If a fixed rate of input tax deduction was introduced, should such a rule remain optional for operators or, alternatively, should it be mandatory?

- It should be optional
- It should be mandatory
- No opinion

52 Should cost-sharing agreements be made available to the financial and insurance services sector?

- Yes
- No
- No opinion

53 In your view, should businesses established in other Member States be allowed to form part of the cost sharing arrangements?

- Yes
- No
- No opinion

54 Please indicate the reason(s) why.

Multiple answers possible

- To achieve a more level playing field for businesses
- To boost competitiveness of financial and insurance service providers
- To reduce the tax burden and the administrative costs of businesses operating at cross-border level
- Other



58 Which is the most beneficial aspect of establishing VAT groups for providers of financial and insurance services?

	Not beneficial at all	Somewhat detrimental	Neither beneficial not detrimental	Somewhat beneficial	Very beneficial	No opinion
It is optional	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intragroup supplies are out of scope and therefore not taxed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
VAT compliance costs are lower for the members of the group as they are pooling them	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
It is easier to outsource the activity through a single taxable person	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
VAT grouping increases the competitiveness of the sector by reducing hidden VAT	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

60 Which is the most effective way to reform the rules for financial and insurance services in your country?

	Not effective at all	Somewhat ineffective	Neither effective nor ineffective	Somewhat effective	Very effective	No opinion
Remove the exemption and tax financial and insurance services at a standard rate	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remove the exemption and tax financial and insurance services at a reduced rate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Tax only fee-based services at a standard rate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax only fee-based services at a reduced rate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Grant businesses the option to apply VAT	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Grant businesses the right to constitute a VAT group in every Member State	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make cost-sharing arrangements available to the sector in all Member States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Where financial and insurance services are taxed, deduction of input VAT is possible.

## Further comments

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62 If you wish to add further information within the scope of this questionnaire, please feel free to do so here.

*2000 character(s) maximum*

63 If you wish to upload a concise document, please do so below. The maximal file size is 1MB.

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*Please note that the uploaded document will be published alongside your response to the questionnaire, which is the essential input to this open consultation. The document is an optional complement and serves as additional background to better understand your position.*

## Contact

[Contact Form](#)



## Public Consultation on VAT rules for Financial and Insurance Services - Review

The EU business community supports the EU's revision of the VAT rules for financial and insurance services.

First of all, we would like to stress the urgency behind this proposal. As Europe is currently facing the deepest economic crisis since the 1930s, companies and private citizens rely on smooth and cost-efficient access to financial services to preserve their businesses and economic well-being. A stronger capital markets union to speed up the economic recovery (and provide support to our common goals in terms of the digitalisation and greening of the EU-economy) needs to be underpinned by adequate and growth-enhancing taxation rules. In this light, the review of the VAT rules for financial and insurance services arrives at an important moment.

At the same time, we also recognize the importance behind this proposal in light of the United Kingdom's withdrawal from the European Union. The removal of the VAT exemption in the United Kingdom and the introduction of a zero-rate should be discussed and assessed within the EU to understand what potential consequences might arise in terms of the competitive disadvantage for EU providers and the risk of delocalisation.

Regarding the review itself, while a one-size-fits-all solution would be ideal, we fear that this is not possible to achieve at the moment. To ensure a speedy and efficient review within the Commission and in future discussions with member states, we encourage the Commission to accommodate as much as possible for the specific actors (banking sector, insurance sector, asset management, etc) who each have their own customer mix (taxable persons, private individuals) and service mix. Regardless of the chosen approach to alter the exemption rules, any review should also focus on an update on the current definitions to account for new technological developments in the financial and insurance sector, and to clarify and harmonize definitions where needed.

Policy actors should identify first and foremost what is being addressed here: the neutrality of the VAT-system. It should be made clear by the Commission that the current VAT exemption does not provide benefits to businesses or financial and insurance service providers, and it therefore does not serve as an argument in the discussion on the supposed 'undertaxation' of this sector, nor should it be used in light of the EU proposal on a Financial Transaction Tax.

Further to our answers in the questionnaire, we would like to highlight the following:

- **The VAT exemption:**  
We strongly support the alteration of the VAT exemption, in particular for B2B transactions. By taxing the B2B transactions, it would free up substantial amounts of non-deductible hidden VAT that is currently charged to business customers as part of the cost price of financial and insurance services. Such an outcome would prove to be an important lever for businesses to invest and grow in a post COVID-19 economy. We would like to refer here to a study by Copenhagen-Economics which identified that the taxation of financial services would lead to greater



benefits in terms of credit provision to SMEs in particular.<sup>1</sup>

In our opinion, this can be best achieved by removing the exemption and allow for a default zero-rate or (super-) reduced VAT-rate<sup>2</sup> or, alternatively, by installing an option to tax in every member state. While we recognize there may be some difficulties to calculate the tax base with margin-based products, it should at least be possible to remove the exemption for fee-based financial services and certain insurance services, with a particular focus on B2B-transactions.

Some EU-countries also impose stamp duties or other charges (e.g. insurance premium taxes) on exempt financial and insurance services. In case the current VAT-exemption is altered, Member States should ensure that these services are not subject to a 'double charge'.

When removing the exemption, it should also be borne in mind that fast-tradeable services are relatively sensitive to fraud (cf. missing trader fraud experience in carbon emission market in 2008-2009). The European Commission should evaluate what defensive measures may be introduced to ensure VAT-fraud does not arise as a result of the removal of the exemption.

- **Option-To-Tax**

Regarding the option to tax, we believe this is another helpful way to address many of the concerns raised. The upcoming review should propose to make this option at least mandatory in all member states for services supplied to taxable persons, and prescribe, as much as politically possible, binding guidelines on how this should be used (scope, flexibility, transactions covered, etc). An option-to-tax system can only work if the system itself encourages financial and insurance providers to opt-in in the first place. We note in this regard the positive benefits the model used in Germany has generated, as this model allows to differentiate between clients that can deduct and cannot deduct VAT.

We understand that this can imply some practical difficulties for financial institutions, such as changes in IT systems. However, we consider that these should not prove to be insurmountable, provided that there is sufficient preparatory work done before the implementation. Indeed, the main question is to determine whether the customer is a taxable person; a practice which regular businesses not active in the financial services industry have to determine on a daily basis when selling goods and services cross-border. The identification of customers as taxable persons or non-taxable persons in the area of financial and insurance services can be verified when the relationship is established as part of standard practice (or checked in the case of pre-reform clients).

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<sup>1</sup> <https://www.swedishbankers.se/media/3047/effects-of-vat-exemption-for-financial-services-in-sweden.pdf>

<sup>2</sup> Or a bracket range of reduced VAT-rates which Member States can choose from. When deciding on this reduced rate, EU Member States should take into account the use of zero rate or low VAT rates in other parts of the world (UK, Switzerland, New Zealand, ...)



- **Zero-rating:**

We also strongly encourage the European Commission to take an open view towards the introduction of a zero-rate for these services. Such an option would address and (partially) solve many of the concerns highlighted by the European Commission (no hidden VAT for businesses, level-playing field, no issue with margin-based products, etc). We recognise that such an option may lead (in the short-term) to a decrease in VAT revenue, but this needs to be offset against positive effects in demand for financial and insurance services in the longer term.

- **Cost-sharing arrangements (CSAs):**

We would welcome the return of a (harmonized across EU member states) cost sharing exemption to financial services, provided that the exemption can be applied “insofar as” instead of “only” exempt services are supplied. Also important is that the scope should not be limited to the EU internal market or Group companies alone. However, only adapting the CSAs, whilst beneficial, would remain a suboptimal answer in comparison to changes to the overall VAT-exemption which would provide a more effective, long-term solution to the current issues faced by financial and insurance companies. Of course, if the exemption would only be altered for fee-based income, there would still remain an issue with margin-based services, which can be partly addressed through CSAs.

- **Fixed VAT Deduction:**

The right to a fixed VAT deduction can be beneficial, but this is another suboptimal approach to address the current issues. Unless there would be a high VAT deduction rate, it would only marginally decrease the hidden VAT and the VAT cost in case of in/outsourcing. Moreover, the consequences of such a scheme would differ considerably dependent on the mix of deductible and non-deductible services the financial institution provides. Such a system may also lead to the concentration outside the EU of activities that give rise to the right to deduct VAT, while non-deductible activities would remain in the EU.

A possible way to address this is to make the fixed deduction rate optional for providers, allowing each provider to decide for each branch whether to use the VAT deduction or not. While such an option can better reflect the different realities different providers face, it would not contribute to the Commission’s goal of making the system less complex.

- **Non-Financial Firms:**

The financial and insurance services landscape is changing significantly and rapidly. We encourage the European Commission to take a broad view on the topic, by ensuring that the review also covers those financial services that are provided by non-financial firms (e.g. consumer credit in department stores, loans in car dealerships, ...) as well as in group functions/treasury departments in larger groups. The upcoming review should also provide legal certainty to them and address possible competition issues.