

Brussels, 5 May 2022

EFAMA STATEMENT ON THE EUROPEAN COMMISSION'S PUBLIC CONSULTATION ON VAT IN THE DIGITAL AGE

The purpose of this response is not to address all the queries being raised in the Commission's Survey, but exclusively to share the following **high-level statement on the relevance for our industry of specific problems concerning the VAT treatment of services supplied via platforms within the Financial Services sector** – consultation document Part 2 – “The VAT Treatment of the Platform Economy”.

EFAMA confirms that all following specific problems/issues (as listed in the Commission's survey) concerning the VAT treatment of services supplied via platforms are relevant for our industry:

- *Defining whether/when providers/consumers would qualify as VAT taxable persons*
- *Assessment of the consumer's VAT status which could define the place of supply in cross-border transactions*
- *Defining whether the platform's services should be classified as intermediation or electronically supplied services*
- *Problem in determining the status of the service - whether it is taxable or exempt and if taxed, at what rate*

As mentioned in our replies to questions 40 and 41 of the public consultation on VAT rules for financial services, for EFAMA **the current VAT rules are not fit to cover emerging trends (such as digitalisation): “a bias towards insourcing can have the effect of stifling further technological development in the wider supply chain and has the potential (along with lack of clarity on the scope of investment management) to be a barrier to entry for small and medium-size entrepreneurs in this space if they cannot reach the scale necessary to overcome the squeeze in margins caused by the irrecoverable VAT cost.”**¹

As our previous comments remain applicable in the context of the current consultation, **EFAMA is taking the opportunity to re-call for clear definitions for VAT purposes** (e.g. outsourcing, management, automation and other trends arising from the rendering of financial services with the use of digital platforms).

The industry's players (e.g. asset managers, distributors, administrative agents) and service providers in the investments chain value continue dealing with these trends, **but ultimately end-investors, deserve better protection.**

EFAMA stands ready to assist the Commission's technical team working on this initiative and discuss the issues raised in this consultation relevant to our industry.

¹ Please refer to EFAMA's comments that are available [here](#).



ABOUT EFAMA

EFAMA, the voice of the European investment management industry, represents 27 member associations, 59 corporate members and 25 associate members. At end Q4 2021, total net assets of European investment funds reached EUR 21.9 trillion. These assets were managed by more than 35,000 UCITS (Undertakings for Collective Investments in Transferable Securities) and more than 30,000 AIFs (Alternative Investment Funds). At the end of Q3 2021, assets managed by European asset managers as investment funds and discretionary mandates amounted to an estimated EUR 31.3 trillion.

More information is available at www.efama.org

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