

VAT treatment of management services supplied in relation to Self-Directed Life Assurance Bonds and equivalent products

This document should be read in conjunction with paragraph 6(2)(c) of Schedule 1 to the VAT Consolidation Act 2010 (VATCA 2010)

Document last reviewed June 2024



Introduction

The EU VAT Directive (Council Directive 2006/112/EC) provides that Member States shall exempt “the management of special investment funds as defined by Member States”.

Ireland has designated qualifying collective investment undertakings administered by authorised life companies as “special investment funds”. Specifically paragraph 6(2)(c) of Schedule 1 of the VATCA 2010, provides exemption in respect of managing **“an undertaking that is administered by the holder of an authorisation granted under the European Communities (Life Assurance) Regulations 1984 (S.I. No 57 of 1984), or by a person who is deemed, by Article 6 of those Regulations to be such a holder, the criteria in relation to which are the criteria specified in relation to an arrangement to which section 9(2) of the Unit Trusts Act 1990 applies”**.

Revenue previously clarified that exemption applies to the management of Self-Directed Life Assurance Bonds (SDB's) in circumstances where the SDB's would not be treated as Personal Portfolio Policies for the purposes of Section 730BA of the Taxes Consolidation Act 1997, as amended. In addition, in order for the management of an SDB to qualify for VAT exemption the following criteria had to be met:

- The manager must have full delegated authority; and
- The assets included in the product must be available for investment in by the general public.

Updated VAT Treatment

It is understood that Self-Directed Life Assurance Bonds and equivalent products are generally available for investment by the public and take the form of unit-linked products. The investments are pooled with the assets of other investors and the policy holder funds the investment and bears the investment risk.

This contrasts with Personal Portfolio Policies (also known as wrappers) as outlined in Section 730BA of the Taxes Consolidation Act 1997, as amended. A personal portfolio is defined, in broad terms, as a policy which allows the policyholder to select, or to influence the selection of, the assets which determine the policy benefit. Personal portfolio life assurance bonds and equivalent products are typically individualised or personalised to an individual as are the returns. Personal portfolio policies cannot be regarded as collective investments and therefore the management of such products does not come within the exemption at paragraph 6(2)(c) of Schedule 1 of the VATCA 2010.

It is understood that qualifying SDB's and equivalent products may be sold into other jurisdictions. The products may be subject to the local regulatory and tax requirements of those jurisdictions. Having regard to recent CJEU jurisprudence concerning "management" of special investment funds and the differing regulatory requirements across jurisdictions, the guidance concerning the VAT treatment of management services is set out below.

In order to establish if an SDB or an equivalent product is a qualifying undertaking for the purposes of paragraph 6(2) of Schedule 1 of the VATCA 2010, each of the following conditions must be met:

- The product must not be treated as a Personal Portfolio Policy in Ireland under Section 730BA of the Taxes Consolidation Act 1997, as amended when sold to Irish resident investors. Where the product is sold to overseas investors, it must not be regarded as equivalent to a personal portfolio policy under corresponding legislation covering personalised portfolio bonds or similar life products in the jurisdiction into which the policies are sold
- The assets included in the product must be equally available to all investors within an investor class (i.e. not personalised)
- The service supplied must constitute "management" of the SDB or equivalent product in accordance with paragraph 6(4) of Schedule 1 the VATCA 2010¹.

The application of the exemption will be kept under review by Revenue.

¹ Please see [Revenue's position on the Management of Special Investment funds](#) for further guidance.