

## VAT Treatment of Portfolio Management Services

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

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## Introduction

This guidance sets out the VAT treatment of portfolio management services in line with the judgement in the Court of Justice of the European Union (CJEU) Deutsche Bank case (C-44/11).

## 1. Portfolio Management Services

Portfolio management services consist of:

- (i) analysing and monitoring assets of client investors,
- and**
- (ii) purchasing and selling securities.

## 2. VAT Treatment

### 2.1. Portfolio Management Services

The two elements of a portfolio management service are inseparable and are considered to be so closely linked that they form, objectively, a single economic supply, which it would be artificial to split. The fee for the service is chargeable to VAT at the [standard rate](#) in cases where a fee is charged on a periodic basis for a single supply of a service consisting of:

- (i) analysing and monitoring the assets of client investors
- and**
- (ii) purchasing and selling securities.

### 2.2. Purchase and sale of shares

The purchase and sale of stocks, shares, debentures and other securities is VAT exempt as per paragraph 6(1) of Schedule 1 to the VATCA 2010.

In circumstances where portfolio management service fees are charged strictly for the purchase or sale of shares or securities on a transaction by transaction basis, exemption can apply to such fees where both of the following criteria are met:

- a) the contractual arrangements reflect that the fees (for the purchase or sale of shares or securities) are being charged on a transaction by transaction basis
- and**
- b) the arrangements are correctly reflected on the invoices.

### 2.3. Fund Management

Portfolio management services provided in respect of a qualifying investment fund are VAT exempt as per paragraph 6(2) of Schedule 1 to the VATCA 2010 (Article 135(1)(g) of the VAT Directive).

### 2.4. Use and Enjoyment Rules

The place of supply of financial services (including portfolio management services) to consumers is Ireland where:

- a) the place of supply would be outside the EU under the general rules,
- and**
- b) the services are used and enjoyed in the State.

For further information see the [Revenue](#) website.