

The VAT treatment of Social Media Influencers

This document should be read in conjunction with Sections 3, 5, 19, 25, 27, 28, 33, 34, 35, 35A, 36 and 71 of the VAT Consolidation Act, 2010.

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Introduction

This guidance outlines the VAT treatment of social media influencers (Influencers). There are no special VAT rules for influencers. Their activity is subject to the ordinary VAT rules.

This guidance explains the application of various VAT rules to the activities of influencers and their VAT obligations.

When an influencer is in business and makes supplies of goods and services, they may be obliged to [register](#) and [account](#) for VAT on their supplies.

1 Overview of the activities of Influencers

Influencers can be described as individuals who produce and share materials online, such as videos, photos, articles, or graphics, often on social media platforms or websites, to engage and entertain audiences. They can include streamers, gamers, dancers, writers, designers, craftspeople and comedians that create and share their content online.

Influencers have various sources of income including:

- Advertising Income
- Affiliate Marketing
- Subscription and other payments
- Merchandise sales
- Non-financial benefits

2 VAT Registration

VAT is levied on goods and services provided in the course of business by an accountable person. A person is in 'business' if they are carrying out an economic activity, such as supplies of goods and services, for the purpose of obtaining income therefrom on a continuing basis. A person who is in business is a [taxable person](#).

A taxable person is obliged to [register](#) and [account](#) for VAT if they exceed the relevant [VAT thresholds](#) and become an accountable person. A taxable person may elect to register for VAT if they do not exceed the [VAT thresholds](#).

A taxable person may also be required to [register](#) and [account](#) for VAT in other EU Member States. Businesses making [intra-Community distance sales of goods \(IC distance sales\)](#) and services, including [electronically supplied services](#), cross-border to consumers (B2C) in the EU may fulfil their VAT obligations using the [VAT One Stop Shop \(OSS\)](#) scheme.

Example 1

Influencer A provides advertising services for €50,000 in a calendar year. This is Influencer A's only business activity.

As the turnover from the provision of advertising services exceeds the services threshold, Influencer A must register and account for VAT on the services.

Example 2

Influencer B provides advertising services for €30,000 in a calendar year. This is Influencer B's only business activity.

As the turnover from the provision of advertising services is less than the services threshold, there is no obligation to register for VAT. However, Influencer B may opt to elect to register for VAT.

Example 3

Influencer C supplies digital images, video content and merchandise through a website. Influencer C earns €25,000 excluding VAT from these supplies, split as follows:

- €14,000 from customers located in Ireland,
- €5,000 from IC distance sales, and
- €6,000 from cross-border B2C ESS.

VAT obligations in Ireland: Influencer C has not exceeded any of the relevant goods or services thresholds in respect of supplies to customers located in Ireland and is not obliged to register and account for VAT in the State.

VAT obligations in other EU member states: Influencer C's income from IC distance sales and ESS has exceeded the cross-border B2C place of supply threshold of €10,000. Influencer C is obliged to register and account for the VAT due on these supplies in each Member State of its customers. Alternatively, Influencer C may use the OSS to fulfil VAT registration and accounting obligations.

3 VAT records

Influencers who become accountable persons need to be aware of their obligations to keep VAT records and the rules regarding the issuing of VAT invoices and credit notes. More information on the requirement to retain VAT records is available [here](#).

3.1 VAT Invoices

A VAT invoice is a document issued by an accountable person. A VAT invoice sets out the details of a taxable supply and all related information as prescribed by VAT law. More information is available [here](#).

3.1.1 Self-billing

[Self-billing](#) is when a VAT registered customer assumes responsibility for issuing their supplier's VAT invoice.

Social media influencers often enter self-billing arrangements with [platforms](#). However, there are specific conditions that need to be met. These conditions are:

- the customer is a person registered for VAT,
- there is prior agreement between the supplier and the customer that the customer may draw up and issue the invoice,
- any conditions which are imposed by the VAT Act or by regulations on the supplier in relation to the form, content or issue of the invoice are met by the customer, and
- agreed procedures are in place for the acceptance by the supplier of the validity of the invoice.

Example 4

Influencer D is VAT registered and supplies content to a social media platform. Influencer D receives payment from the platform for this content. For administrative reasons, Influencer D has a self-billing arrangement with the social media platform. The social media platform issues Influencer D's invoice.

Influencer D is deemed to have issued an invoice. Influencer D is obliged to account for VAT on the supply of content.

4 Taxable Amount

VAT is chargeable on the total sum paid or payable to the person supplying the goods or services, excluding the tax itself.

Example 5

Influencer E is VAT registered and has a commercial arrangement with a clothing store. Influencer E promotes the store and provides positive reviews of the clothes on social media. The fee for this promotional service is €500 excluding VAT.

Influencer E is obliged to issue an invoice and charge VAT at 23% on the total consideration as follows:

Promotional service	€500.00
VAT @ 23%	€115.00
Total received	€615.00

4.1 Barter transactions

Influencers may receive non-monetary payments in the form of goods or services in exchange for services performed by them. These are known as barter transactions. While no money changes hands, barter transactions are supplies of goods or services and are subject to VAT.

The VAT is payable by reference to the open market value of the goods or services supplied to the influencer in lieu of monetary payment. The registration thresholds referred to [above](#) encompass barter transactions. Further information on the amount on which VAT is chargeable is available [here](#).

Example 6

Influencer F receives a 2 day “pamper package”, for 2 people, at a 5 Star Hotel. The package is advertised on the hotel website as costing €1,000. The package comprises 2 nights bed & breakfast, dinner for 2 on one of the nights and 3 spa treatments for each person. The arrangement is that the influencer provides certain promotional services (such as a number/type of positive posts) in return for the hotel stay. The “pamper package” is in lieu of monetary payment for the services provided.

Influencer F is registered for VAT and will account for VAT at 23% as follows:

Promotional service	€ 813.00
VAT @ 23%	€ 187.00
Total	€1,000.00

5 Deductibility

Subject to the normal rules, influencers that are registered for VAT are entitled to deductibility in respect of VAT incurred on purchases where they are used for their taxable supplies. Generally, VAT cannot be reclaimed on food, drink or other personal services. Further information on deductibility is available [here](#).

Example 7

Influencer G supplies video content and digital images through a website. Influencer G is VAT registered. Influencer G works from home and uses home broadband to transmit the video content and digital images. 30% of Influencer G's home broadband is used for taxable supplies.

Influencer G can reclaim 30% of the VAT incurred on the purchase of home broadband.

6 Place of Supply rules

The place of supply rules determine whether a supply is subject to VAT in the State. There are different place of supply rules for goods and services.

6.1 Place of Supply rules for Services

There are two general [place of supply rules for services](#), depending on whether the recipient is a business or consumer.

6.1.1 Business-to-business

For supplies of business-to-business services (B2B), the place of supply is the place where the business receiving the services is established. This applies whether the business customer is in the European Union (EU) or not.

Example 8

Influencer H is VAT registered and established in the State. Influencer H provides advertising services to a business in France.

The place of supply of the advertising service is France. The French business will self-account for VAT in France on [the reverse charge basis](#). Influencer H issues an invoice, that includes the French business's VAT number, indicating that reverse charge will apply. Influencer H is not obliged to account for VAT in the State on the supply.

6.1.2 Business-to-consumer

For supplies of business-to-consumer services (B2C), the place of supply is the place where the supplier is established.

Example 9

Influencer 'I' is VAT registered and established in the State. Influencer 'I' provides an advisory service to a consumer in Spain.

The place of supply of the advisory service is the State. Influencer 'I' will account for VAT in the State.

6.1.3 Exceptions to the general place of supply rules for services

There are exceptions to the general place of supply rules that link the place of supply to where the service is carried out. Further detail on all the exceptions is available [here](#). The rules in relation to [admission to events](#) and electronically supplied services will be of particular relevance to Influencers.

6.1.3.1 Electronically Supplied Services

An [Electronically Supplied Service](#) (ESS) is a service that is:

- delivered over the internet (or an electronic network which is reliant on the internet, or similar network, for its provision) and
- is heavily dependent on information technology for its supply. The service is essentially automated involving minimal human intervention and, in the absence of information technology, does not have viability.

6.1.3.1.1 B2B within the EU and outside the EU

For B2B supplies of ESS, the normal B2B [place of supply](#) rules apply. This means that the place of supply is the place where the business receiving the services is established.

6.1.3.1.2 B2C within the EU

B2C supplies of ESS are taxable where the customer is based, if the [B2C place of supply threshold of €10,000](#) is exceeded. The influencer must register for VAT in the Member State of their customers or use the [OSS](#) to pay the VAT due on their supplies in other Member States.

If the B2C place of supply threshold is not exceeded, the place of supply of such services is the State. However, even if this threshold is not exceeded an influencer can opt for their B2C supplies of ESS to be taxable where the customer is based. This can be done by registering and accounting for VAT in the Member State of their customers or by using the [OSS](#) to fulfil VAT registration and accounting obligations.

6.1.3.1.3 B2C outside the EU

For B2C supplies of ESS to customers outside the EU, the place of supply is where the customer is established, has a permanent address or usually resides.

Example 10

Influencer J supplies digital images to a customer resident in England. The place of supply is England. There are no Irish VAT consequences for Influencer J. Influencer J will need to consider if any tax obligations arise in England.

6.2 Place of Supply rules for goods

The general rule is that the place of supply for supplies of goods in the State, is the State and these supplies are subject to Irish VAT. There are different place of supply rules for goods that are dispatched or transported outside the State. Further information on these rules can be found [here](#).

6.2.1 Business-to-consumer

The place of supply of [intra-Community distance sales of goods](#) (B2C) is where the customer is based, subject to the B2C place of supply threshold of €10,000. If an influencer exceeds this threshold, the influencer must register and account for VAT in the Member State of their customers or use the [OSS](#) to fulfil VAT registration and accounting obligations.

If the B2C place of supply threshold is not exceeded, the place of supply is the State. However, even if this threshold is not exceeded, an influencer can opt for their IC distance sales to be taxable where the customer is based. This can be done by registering and accounting for VAT in the Member State of their customers or by using the [OSS](#) to fulfil VAT registration and accounting obligations.

7 What VAT Rate applies

Revenue's [VAT Rates Database](#) can be used as a resource to check the current VAT rates that apply to various supplies of goods and services in the State.

The [Taxes in Europe Database](#) can be used as a resource to check the VAT rates that apply to various supplies of goods and services in other Member States.

7.1 Services

Generally, the [standard rate](#) of VAT applies to the supply of services provided by influencers. The standard rate of VAT applies to supplies of advertising and promotional services.

7.2 Goods

The rate of VAT applicable to a particular supply of goods depends on the goods involved.

8 Examples of Typical Supplies

8.1 Advertising

Influencers provide advertising services by creating content to promote brands or products through posts, images, videos and audio or expiring media. An advertising service is taxable at the [standard rate](#) of VAT.

Example 11

Influencer K is a video podcaster and is registered for VAT in the State. Influencer K is approached by an Irish make-up brand to promote a new range of grooming products. The make-up brand's logo will appear throughout the podcast and the brand will also be verbally promoted throughout the podcast. Influencer K receives €10,000 plus VAT for this advertising activity.

Influencer K accounts for VAT on the advertising service as follows:

Advertising service	€10,000.00
VAT @ 23%	€ 2,300.00
Total received	€12,300.00

Example 12

Influencer L books a “spa day” for 2 at a 5 Star Hotel. The “spa day” costs €800. The hotel offers Influencer L a €300 discount in return for certain promotional services (positive posts on social media). Influencer L agrees. The €300 discount represents consideration for the supply of promotional services by Influencer L to the hotel.

Influencer L is VAT registered and will account for VAT at 23% as follows:

Promotional service	€244.00
VAT @ 23%	€ 56.00
Total	€300.00

Example 13

Influencer M is a professional athlete and is registered for VAT in the State. Influencer M is approached by a car dealership to promote a new electric car brand in online posts. Influencer M will promote the new electric car brand for a fee of €12,300 inclusive of VAT. The car dealership pays €6,300 in cash and in lieu of the outstanding €6,000 Influencer J can use one of the cars for 1 year. The annual cost of leasing the car is €6,000.

Influencer M is obliged to account for VAT on both the monetary fee received and on the use of the car. The value of the free car is based on the open-market (arm’s length) price of the car. The arm’s length price can be based on the annual lease charges for the car.

Influencer M accounts for VAT at 23% on the promotional service as follows:

Cash ($€6,300/123*100$)	€ 5,121.95
Open market value car lease ($€6,000/123*100$)	€ 4,878.05
Total for promotional service	€10,000.00
VAT @ 23%	€ 2,300.00
Total	€12,300.00

8.2 Affiliate marketing

Affiliate marketing is the process by which an affiliate earns a commission for marketing another person's or company's products. The commission received for this marketing service is taxable at the [standard rate](#) of VAT.

Example 14

Influencer N promotes products on social media and is registered for VAT. Influencer N puts links to these products on social media posts. These links lead to an external third-party website. Influencer N receives a commission when a consumer makes a purchase having followed the link provided. Influencer N earns €1,000 inclusive of VAT from this activity.

Influencer N is obliged to account for VAT on the commission payments received as follows:

Commission earned	€ 813.00
VAT @ 23%	€ 187.00
Total	€1,000.00

8.3 Subscription and other payments

Influencers may earn money from subscriptions and other payments. Typically, customers will pay a subscription fee to view ad-free content or other content (such as 'premium content'). Customers may also make a once off payment to view a particular piece of content. An influencer earns money based on how many members pay to watch their content. These payments are taxable at the [standard rate](#) of VAT.

Example 15

Influencer O is registered for VAT in the State and is registered for the OSS. Influencer O has a personal website and uploads and publishes content, such as photos, videos, and messages to it. Some of the content can be accessed for free. Influencer O offers a subscription service to customers who want to have access to 'premium content'. Customers can also make a one-off payment to view certain content. Influencer O's supplies are [ESS](#). Influencer O earns €10,000 excluding VAT from these supplies split as follows:

- €2,000 from non-taxable customers located in Ireland and
- €8,000 from non-taxable customers located in other Member States.

VAT obligations in Ireland: No VAT obligations arise on the free content supplied by Influencer O. Influencer O is obliged to charge and account for Irish VAT on the supplies to customers located in Ireland as follows:

Amount charged	€2,000.00
VAT @ 23%	€ 460.00
Total received	€2,460.00

VAT obligations in other Member States: The €8,000 received from customers in other Member States is not liable to Irish VAT. VAT is due in the Member States where Influencer O's customers are located. Influencer O uses the OSS to account for the VAT due in other Member States.

8.3.1 Platforms

Influencers may provide services through platforms. In such circumstances the supplier of the service to the final customer is not always obvious. It is therefore necessary to identify which supplier in the supply chain is supplying the service to the final customer. In certain circumstances the platform is considered to be supplying the service to the final customer. In such cases:

- the platform is accountable for the VAT on the supply of the service to the customer, and
- the influencer is accountable for VAT on the supply made to the platform.

Example 16

Influencer P is VAT registered and supplies video and other virtual content through a platform. The supplies are [electronically supplied services](#). The platform authorises the charge to the customer, authorises delivery to the customer and sets the terms and conditions of the supply. Influencer P has not entered into a [self-billing](#) arrangement with the platform.

The platform is accountable for the VAT on the supply of the service to the customer. Influencer P will invoice and account for VAT on the supply to the platform and not to the customer.

Example 17

Influencer Q is VAT registered and supplies video and other virtual content through a platform. The supplies are [electronically supplied services](#). Influencer Q sets the price charged to each customer, authorises the delivery of the supply to the customer and sets the terms and conditions of the supply. The platform provider is registered for VAT in the State and charges Influencer Q a fee including VAT for use of the platform.

Influencer Q is accountable for VAT on the supplies of video and other virtual content to the customer. Influencer Q can reclaim the VAT incurred on the charge from the platform provider.

8.4 Merchandise sales

Influencers may also earn money through sales of merchandise. The rate of VAT applicable to sales of merchandise depends on the goods involved.

Example 18

Influencer R sells merchandise on a website. Influencer R is VAT registered in the State and is registered for the OSS. All of Influencer R's sales were to non-taxable customers in other Member States and were [IC distance sales of goods](#).

There is no Irish VAT due on these supplies. The VAT is due where the customers are located. Influencer R uses the OSS to account for the VAT due on the supply of goods in the Member States of the customers.

8.5 Non-monetary benefits

Influencers may receive non-monetary payments in the form of goods or services in exchange for services performed by them. The rate of VAT applicable depends on the services involved.

Example 19

Influencer S is VAT registered and advertises a food outlet through posts on their social media feeds. The food outlet, in lieu of cash, provides Influencer S with food worth €2,460.

Influencer S is obliged to account for VAT on the marketing activities at the standard rate, on the open-market (arm's length) price of the services supplied, as follows:

Advertising service	€2,000.00
VAT @ 23%	€ 460.00
Total	€2,460.00

9 Unsolicited goods and services

Influencers may receive unsolicited gifts or free services and be under no obligation to review or promote the items. In this scenario there are no VAT consequences for the influencer as no supply is provided. However, there are VAT rules that the provider of such gifts and promotional items should be aware of. Further information is available [here](#).

Example 20

Influencer T receives free goods from a third party. There is no commercial agreement in place. Influencer T does not provide a service in return for the goods.

There are no VAT consequences for Influencer T.

Example 21

Influencer U is a make-up artist and organic beauty blogger. Influencer U reviews organic make-up products in social media posts, tagging the product suppliers. Influencer U receives a gift worth €500 of free products from a supplier following these recent posts. Influencer U was under no obligation to promote the supplier before or after the receipt of free products.

There are no VAT consequences for Influencer U.