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VAT exemption for investment consultancy to investment trust funds

Following a Supreme Tax Court case, the finance ministry has amended the VAT Implementation Decree to clarify that investment consultancy to investment trusts is VAT-free as the administration of fund assets if linked to a concrete recommendation to buy or sell based on precise knowledge of the fund's portfolio and investment objectives and restrictions.

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In April 2013, the Supreme Tax Court held that the services of an investment consultant to an investment trust fund could be VAT-free as the administration of fund assets, if the consultancy led to a concrete recommendation to buy or sell investments based on the overall position and requirements of the fund. The point of the decision was that the consultant was effectively taking the decision – subject to management review – and was thus acting as investment manager. The finance ministry has now amended the VAT Implementation Decree to accept this decision as a precedent where the recommendation is based on

- the concrete requirements of the fund, including any legal restrictions,
- permanent review of the performance of the fund's assets, and
- up-to-date knowledge of the fund's investments.

Schlagwörter

investment consultancy, investment trust