

Tax

Flash

November 2023

Clarifications on the VAT treatment of derivatives | New circular

Based on recent Circular E.2066/2023, the Directorate of Indirect Taxation of the Independent Authority of Public Revenues (IAPR) clarified that any revenues arising from Contracts for Differences (CFDs), which are derivatives not traded on a stock market (over the counter), should be treated as subject to VAT (24%). In this respect, it is noted that, although the above Circular was issued following relevant queries of taxpayers on CFDs, it takes a more general approach based on which the revenues arising from derivatives should be treated as VAT exempt only to the extent that these derivatives are traded in a stock market. In this respect, issues have been raised as to the exact scope of application of this Circular and more specifically whether all derivatives which are not traded in a stock exchange should be treated as subject to VAT or not.

It is noted that the VAT treatment of derivatives is a controversial issue without a consistent approach throughout the EU, thus the above Circular attempts to provide more clarity going forward. However, in the absence of clear guidance on this matter until now, the revenues arising from derivatives traded OTC have been treated by businesses as VAT exempt. In this respect, it remains to be seen whether the IAPR will issue additional guidelines to clarify the exact scope of application of the new circular.

Let's talk

For a more in depth discussion on the above, please contact:



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This information is intended only as a general update for interested persons and should not be used as a basis for decision-making.

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