



## EUROPEAN COMMISSION

DIRECTORATE-GENERAL  
TAXATION AND CUSTOMS UNION

The Director-General

 Ref. Ares(2018)6211685 - 04/12/2018

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Ms Michaela Koller  
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**Subject: VAT exemption for cost-sharing groups in the financial sector**

Ref.: Ares(2018)6034268

Dear Ms Koller,

Thank you for your letter of 23 November 2018 concerning the cost-sharing exemption as provided for under Article 132(1)(f) of the VAT Directive<sup>1</sup>. In response to the judgments of the Court of Justice of the European Union (CJEU) in *Aviva* and *DNB Banka*<sup>2</sup> which have seen the scope of this exemption limited to operators carrying out an activity in the public interest, you are urging a quick legislative solution that would make cost-sharing groups available to the financial and insurance sectors.

As you mentioned, on 2 October 2018 the ECOFIN Council reached a general approach on the "VAT quick-fix" legislative package<sup>3</sup>. The Council and the Commission made the following joint statement to the minutes of that Council meeting concerning the topic that you raised: *"The Commission and the Council are aware of a certain divergence in the VAT treatment of independent groups of persons that pool their services and share costs between their members. The Council and the Commission recognize the need to clarify such VAT rules on independent groups of persons. The Commission will analyse this matter in detail in a study to be launched shortly with a view, subject to its right of initiative, to a possible proposal"*.

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<sup>1</sup> Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

<sup>2</sup> CJEU, judgment of 27 September 2017, *Aviva*, C-605/15, EU:C:2017:718; and judgment of 21 September 2017, *DNB Banka*, C-326/15, EU:C:2017:719

<sup>3</sup> Doc. 12564/18.

As regards the follow-up to be given by the Commission, I can confirm that the Commission is planning for a study on the VAT rules for financial and insurance services. Amongst the things to be covered, the study will also be looking at the issue of cost-sharing arrangements and thus it will consider possible ways to address this matter. In this respect, we take note of your preference for a targeted amendment to the VAT Directive in order for cost-sharing groups to be made available to the financial and insurance sectors.

I would like to stress that any possible future review of the existing VAT rules for financial and insurance services will have to be carried out in accordance with the Commission's better regulation agenda<sup>4</sup>, which requires a stakeholder consultation and an impact assessment. We would appreciate your involvement in the framework of that stakeholder consultation process.

My services look forward to working with you on this project, and I thank you very much for your engagement.

Yours sincerely,

*e-signed*  
Stephen QUEST

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<sup>4</sup> [https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how\\_en](https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how_en)