



Dear Sir or Madam,

CFE Tax Advisers Europe, the leading body representing European tax institutes and associations of tax advisers, has published an [Opinion Statement](#) responding to the European Commission's public consultation on current VAT rules for insurance and financial services.

CFE are of the view that current exemption works well in general in the sector. However it is unfortunate the CJEU case law precludes the application of the cost sharing exemption and, particularly on transactions between Member States, there are problems with VAT-grouping. The exemptions have the benefit of avoiding problems which will otherwise arise when determining how to charge VAT on financial transactions. We are also concerned that the restrictive interpretation and ambit of the exemptions causes problems with outsourcing. This is in particular an issue with insurance, and is a possible reason for extending the scope of the exemptions.

If the exemptions are retained, ideally the entire supply chain would be exempted, and definitions would be provided of what falls under the scope of insurance, i.e. whether it extends to back-office outsourcing and the like. The CFE are of the view that the lack of cross-border grouping/cost-sharing exemption also hinders the development of crossborder supplies of insurance/financial services. Implementing any changes in a regulation will have the benefit of increasing harmonisation, which in turn should assist in simplifying the analysis of transactions between member states.

We invite you to read our [statement](#), and remain available for any queries you may have.

Kind regards,

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