

Input Monthly VAT newsletter



November 2013 – Special Edition N°2

In this edition:
Circular no. 723 ter
VAT and risk
management services
for investment funds

Circular no. 723 ter **VAT and risk management services for investment funds**

The Luxembourg VAT Authorities issued on 7 November 2013 Circular no. 723 ter regarding the application of the VAT exemption (Article 44§1 d) of the Luxembourg VAT Law – “LTVA”) for risk management services for investment funds.

In your diary:

Final deadline for
submitting your return
for:

September 2013:
14 December 2013

Risk management services rendered to investment funds benefit from a VAT exemption under Article 44§1 d) LTVA. Such services should include the monitoring and measuring the risk of the positions and their contributions to the overall risk profile of the portfolio (as defined in Article 51 of the Directive 2009/65/CE).

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The fund management VAT exemption should similarly apply to risk management services rendered to alternative investment funds (Article 15 of the Directive 2011/61/EU).

The Luxembourg VAT authorities confirmed that risk management services are to be seen, for VAT purposes, as being part of the fund management.

Risk management services outsourced by the management company must be specific and essential to the management of (alternative) investment funds (as further defined in Circular 723 bis 30 April 2010) in order to benefit from the fund management VAT exemption.

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address.

In any case, the application of fund management VAT exemption for outsourced services should be analysed on a case-by-case basis by considering Circulars 723, 723 bis and 723 ter.

This edition has been
prepared by Raphaël
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and Tomas Papousek

The application of the fund management VAT exemption on risk management services reinforces the position of Luxembourg.

We also draw your attention to the potential regulatory impacts of outsourcing the risk management function.

Should you wish to discuss the above, please do not hesitate to contact us.

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