

GUIDELINES RESULTING FROM THE 110th MEETING of 13 April 2018
DOCUMENT A – taxud.c.1(2018)6540764 – 955 (1/2)

4. QUESTIONS CONCERNING THE APPLICATION OF EU VAT PROVISIONS

- 4.3 Origin: Romania**
References: Articles 2(1)(c) and 135(1)(b) and (c)
Subject: VAT treatment of certain services provided in relation to syndicated loans
(Document taxud.c.1(2018)1589480 – Working paper No 941)

1. Where a loan granted by a group of syndicated banks (hereinafter “syndicated loan”) to a borrower is being managed as a whole by only one of the syndicated banks (hereinafter “credit agent”) in exchange for consideration paid by the borrower, the VAT Committee **almost unanimously** agrees that the service consisting of the management of the syndicated loan shall constitute a single supply for VAT purposes.

In particular, the VAT Committee is of the **almost unanimous** opinion that the credit agent shall not be seen in such circumstances as supplying two separate services (consisting of the management of the part of the syndicated loan granted by the credit agent himself and of that granted by the other syndicated banks), given that such activities are so closely linked that they form, objectively, a single, indivisible economic supply which it would be artificial to split.

The VAT Committee **almost unanimously** agrees that the service consisting of the management of the syndicated loan provided by the credit agent shall constitute a supply of services subject to VAT under Article 2(1)(c) of the VAT Directive, regardless of whether the beneficiary of the service is the borrower, the syndicated banks, or both.

The VAT Committee further **almost unanimously** agrees that such a supply shall be exempt in accordance with Article 135(1)(b) of the VAT Directive because it qualifies as management of credit by the person granting it, given that the credit agent is one of the creditors of the loan (the syndicated banks).

2. Where credit guarantees have been provided in respect of a syndicated loan, and such guarantees are being managed as a whole by only one of the syndicated banks (hereinafter “guarantees agent”) in exchange for consideration paid by the borrower, the VAT Committee **almost unanimously** agrees that the service consisting of the management of the credit guarantees shall constitute a single supply for VAT purposes.

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The VAT Committee **almost unanimously** agrees that the service consisting of the management of credit guarantees provided by the guarantees agent shall constitute a supply of services subject to VAT under Article 2(1)(c) of the VAT Directive, regardless of whether the beneficiary of the service is the borrower, the syndicated banks, or both.

The VAT Committee further **almost unanimously** agrees that such a supply shall be exempt in accordance with Article 135(1)(c) of the VAT Directive because it qualifies as management of credit guarantees by the person granting the credit, given that the guarantees agent is one of the creditors of the loan (the syndicated banks).

ATTENTION: Please bear in mind that guidelines issued by the VAT Committee are merely views of a consultative committee.

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