

Irish Finance Bill 2022 - VAT Changes for Fund and Investment Management

The Irish Finance Bill 2022 was published on 20 October 2022. It contains a number of changes which are relevant to the fund and investment management industry in Ireland including a particularly important change to the VAT treatment of management services.

Management and administration services provided to Irish regulated funds are generally VAT exempt in Ireland. The Finance Bill 2022 extends that exemption for management of regulated funds to undertakings for collective investment in transferable securities (UCITS) and alternative investment funds (AIFs) which are authorised by any other EU Member State.

While exemptions are usually thought of as positive in a tax context, the primary impact of this change will be in relation to the VAT recovery position of alternative investment fund managers (AIFMs), investment managers, investment advisors and administrators based in Ireland which are providing VAT exempt management and administration services to non-Irish EU established funds. Previously, AIFMs, managers and administrators providing such services to EU funds outside of Ireland may have treated the provision of such services as taxable services and would generally have been entitled to recover VAT charged to them by reference to those activities. That will no longer be the case once this amendment is enacted, likely from 1 January 2023. The position as regards the provisions of services to non-EU established funds has not changed.

The provisions in Finance Bill 2022 will be reviewed in the Irish legislature during the coming weeks and may be amended further. The final form of Finance Bill 2022 will be known in early December.

It is important that investment managers and other companies that may be affected assess the impact of this measure. If you would like to discuss this measure or the Finance Bill 2022 generally, please get in touch with your usual Maples Group contact or any of the persons listed below.

Dublin

Andrew Quinn

Partner and Head of Tax
+353 1 619 2038
andrew.quinn@maples.com

William Fogarty

Partner
+353 1 619 2730
william.fogarty@maples.com

Lynn Cramer

Partner
+353 1 619 2066
lynn.cramer@maples.com

David Burke

Of Counsel
+353 1 619 2779
david.burke@maples.com

October 2022

© MAPLES GROUP

This update is intended to provide only general information for the clients and professional contacts of the Maples Group. It does not purport to be comprehensive or to render legal advice. Published by Maples and Calder (Ireland) LLP.