



■ Why does it matter to intermediaries?

EU taxation policy mostly focuses on establishing a minimum degree of harmonisation of tax rules in order to fight against harmful tax competition and fight tax fraud, while endeavouring to remove tax obstacles for cross-border economic activities. It affects insurance intermediaries in various ways.

With regard to **the Value-Added Tax (VAT)** policy, although financial services are currently exempted from it, there have been talks, from the Commission, on the possibility of (partly) introducing VAT in the financial sector.

Regarding the ongoing work of the European Commission on the **Savings and Investments Union (SIU)**, a recommendation on the **tax treatment of savings and investment accounts is expected to be published by the end of 2025**.

As digitalisation is on its way, taxation could be modernised via the use of online portals for tax on investment, of automated tax reporting and standardised declarations. Even if intermediaries are not directly in the scope of **VIDA¹⁸ (VAT in the Digital Age)** proposed in 2022, it shows the Commission's ambition in this field.

■ State of play

Value-Added Tax review?

The last VAT Directive governing financial services in the EU dates back to 1977. The current version of this legislation is Directive 2006/112/EC (which is a recast of the 6th VAT Directive of May 1977) and it was consolidated in January 2025.

According to Art. 135(1) from 2006 VAT Directive, **Member States shall exempt from VAT "insurance and reinsurance transactions, including related services performed by insurance brokers and insurance agents"**. Based on EU case law, the notion of "related services" is understood as such: "*activities from brokers and agents include the finding and prospects and their instruction to the insurer*". Sub-agents are covered by the exemption if their relationship with the insurer is indirect and if they carry out activities that are characteristic of an insurance broker or agent.

It is interesting to note that since the 1977 Directive, many surveys were conducted by the European Commission, but none so far have led to a proper review of the Directive. Fiscal matters remain a very sensitive topic at European level and is also a complicated one, as it demands the unanimity at Council level, for approval:

- In 2019, the Commission launched a **study on VAT rules for financial and insurance services** aimed at assessing the functioning of certain provisions of the VAT Directive and their current impacts on financial and insurance services operators. The study focused on the rules relating to VAT exemption for certain financial and insurance services, the VAT opt-in regime for financial service providers, the cost-sharing arrangements, the rules for proportional deduction, and the VAT groups.
- In 2021, the Commission launched a **public consultation** to obtain the views of stakeholders including BIPAR on the current VAT provisions for the financial and insurance sector and their application as well as on possible changes as regards these provisions.
- In 2024, the Commission launched a **study on the taxation of the financial sector**. The aim of this survey was to evaluate the existing VAT system for financial and insurance services, as well as the surrounding regulatory and tax environment. The study is also seeking to identify and assess the potential impact of new EU initiatives in this sector, including potential legislative changes, by proposing policy options. BIPAR and its members participated in this survey. BIPAR identified a lot of potential future changes in this study, such as changes to VAT treatment ranging from removal of the exemption of zero-rating, a potential EU-wide harmonisation of sectoral taxes, targeted improvements of the existing framework such as modernising definitions, fixed VAT deduction rates, standardising the option to tax, reintroducing cost-sharing arrangements...

¹⁸VIDA refers to the VAT in the Digital Age initiative, a major legislative package proposed by the European Commission to modernise VAT rules across the EU, particularly to adapt them to the digital economy.



Tax treatment of savings and investment accounts under SIU

As part of the SIU and as it was announced in the SIU Communication adopted in March 2025 (see article on CMU/ SIU and RIS), the Commission will work on the **tax treatment of savings and investment accounts** and intends to provide a recommendation to Member States before the end of 2025. Its aim is to promote savings and investment accounts for retail investors, to boost their participation to the capital market and to support the European economy and its competitiveness. The Commission's recommendation could encourage the use of tax incentives (preferential tax rates, simplified tax processes, creation of tax-advantaged savings accounts, ...) as a supporting tool for increasing the uptake of this kind of savings and investment accounts and to reduce tax compliance for retail investors.

The SIU is expected to have an influence on the upcoming European discussions and initiatives regarding tax-treatments for cross-border savings and investment products, on pension and long-term investment products taxation and on the digitalisation of tax systems across Europe.

■ BIPAR's position / key messages

BIPAR's key points on the topic of taxation are as follows:

- Measures should always be proportionate and follow a risk-based approach,
- Tax rules are already complex, they need to be simplified and not to add burdens,
- Intermediaries are already highly regulated and supervised and should not be subjected to additional requirements unless absolutely necessary.

Regarding the issue of VAT:

- Maintaining the VAT exemption for financial and insurance services,
- Any changes to the VAT treatment of financial and insurance services should always consider other applicable taxes (e.g. insurance premium tax, government tax incentives, etc.) to avoid double taxation,

- Any social security measures taken at national level should also be considered. VAT and IPT (insurance premium tax) should not be imposed in a cumulative way,
- To avoid competition issues and to maintain a level playing field, it is necessary to ensure that the same VAT treatment is attributed to insurance services and services related to insurance intermediation,
- Only an activity-based approach can ensure legal certainty and a "tax" level playing field among operators,
- BIPAR supports harmonising VAT rules across the EU Member States and a consistent application,
- To avoid any misinterpretations, BIPAR is also in favour of broadening the scope of VAT exemption,
- A distinction could be made between B2B services ("business to business") and B2C services ("business to consumer"). Contrary to B2C where the services are provided to natural persons acting for purposes which are outside their trade, business, craft or profession, B2B services are provided to traders who are (mostly) "VATable" persons,
- Any indirect effects on consumers should be studied before introducing VAT for financial and insurance services (higher costs).

■ Next steps

The study of the VAT review will end in December 2025. The first policy options are awaited before the summer (tbc).

Regarding SIU ongoing work on the tax treatment of savings and investment accounts, we can expect a recommendation by the end of the year (tbc).

■ Links

- [VAT Directive](#)
- [VIDA](#)
- [Commission's Communication on SIU](#)