

VAT treatment of Swift services

ECJ: Services from SWIFT are subject to VAT

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The European Court of Justice (ECJ) gave its judgment on 28 July 2011 with regards to the VAT treatment of the services received by banking and other financial institutions from SWIFT (Swift services).

The decision:

The ECJ ruled that Swift services received by banking and other financial institutions are not covered by the VAT exemption applicable for financial services.

As per the ECJ, the responsibility of the service provider (SWIFT) is limited to technical aspects of the transaction and does not extend to the specific and essential elements of financial transactions.

Therefore, as per the ECJ, such services are subject to VAT. The place of supply of such services is the country in which the recipient of the services has established his/her business, and the person liable to account for the applicable VAT is the recipient of the services.

Therefore, Greek banks and other financial institutions receiving such services must account for Greek VAT at the standard VAT rate which is currently 23%.

Impact | Way forward:

Banks and other financial institutions must assess the impact that this decision has on their operations and take the necessary actions.

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This information is intended only as a general update for interested persons and should not be used as a basis for decision making.