

July 2026

## VAT Treatment of Contracts for Differences (CFDs): Settlement Amounts Outside the Scope of VAT

Further to our November 2023 Tax Flash on AADE Circular E.2066/2023, the Independent Authority for Public Revenue (AADE) has issued Circular E.2031/2026, providing important clarifications on the VAT treatment of CFDs. Drawing on EU VAT Committee guidance (125th meeting, 18 November 2024), AADE indicates that reciprocal payments arising from the settlement of CFDs should be regarded as falling outside the scope of VAT.

### Basic Information

#### A. Scope

The circular is relevant to:

- Businesses entering into CFDs in Greece, eg., for hedging purposes.
- Credit institutions and investment services companies acting as CFD counterparties.
- Energy market participants using bidirectional CFDs for renewable energy investments.

# What Has Changed

## B. Prior position:

- **E.2066/2023** – Indicated that the VAT exemption for securities (Article 135(1)(f) VAT Directive / Article 27 (ex 22) Greek VAT Code) covers only exchange-traded derivatives. OTC derivatives, including CFDs, were not expressly covered, and revenues from CFDs were treated as subject to VAT at 24%.
- **E.2068/2023** – Clarified that, where at least one counterparty is a credit institution or investment service company, revenues from OTC derivatives (including CFDs) may be VAT exempt under Article 27(1)(k), (kg) and (kd) of the Greek VAT Code.

## C. New position– E.2031/2026:

- The EU VAT Committee unanimously indicated that hedging services would qualify as a supply for consideration only where a direct link exists between the service and the cash settlements. The Committee questioned the existence of such a link, noting that reciprocal cash flows depend on random factors (market-driven price movements).
- **Key conclusion:** The circular indicates that reciprocal payments arising upon settlement of CFDs do not constitute consideration for a hedging service. On this basis, amounts received by counterparties from CFD settlements are regarded as falling outside the scope of VAT (not merely exempt – outside scope entirely).
- E.2031/2026 ceases the effect of any contrary prior administrative guidance.

## Key Points

### D. Practical Implications

- **From 24% VAT to outside scope:** Under the new guidance, CFD settlement amounts would no longer be treated as taxable at 24%, to the extent that there is not a direct link between the service and the consideration.
- **Pro-rata impact:** To the extent that CFD settlement amounts are treated as outside the scope of VAT, they should not be included in the pro-rata fraction for input VAT recovery purposes – a potentially more favourable outcome than exemption for credit institutions and investment services companies acting as CFD counterparties.
- **Digital Transaction Duty:** The circular clarifies that amounts received from CFD settlements should not be subject to the Digital Transaction Duty.
- **Stamp duty:** Stamp duty is not sought for CFD settlement amounts for years up to its abolition (through 30 November 2024).
- **Retrospective application:** The circular takes effect from 26 June 2026; No adverse impact seems to exist for the past transactions.

### E. Points of Attention

- **Assess the nature of each transaction:** Companies should carefully examine the specific nature, features and contractual terms of each transaction or arrangement before determining its VAT treatment. The outside-scope conclusion should not be applied mechanically to all derivative-related arrangements without proper analysis of the underlying economics and the specific facts of the case.
- **Possible VAT exemptions:** The circular also notes that, depending on the nature of the arrangement, certain transactions may potentially fall under specific VAT exemptions – for instance, transactions that may qualify as insurance, guarantees, or transactions in other securities. Companies should consider whether such characterisation could be relevant to their specific arrangements.

## Key Points (continued)

### F. Points of Attention(continued)

- **Options:** The circular recalls that the sale of an option falling within Article 135(1)(f) of the VAT Directive is treated as a supply of services distinct from the underlying transactions covered by the option. Companies dealing in options and other derivative structures should bear this distinction in mind when assessing the VAT treatment of their portfolios, as the analysis may differ from that applicable to CFD settlements.
- **Systems and compliance:** The distinction between “outside scope” and “exempt” is important for the input-VAT pro-rata calculation and should be reflected in VAT accounting systems. Entities that previously applied the Article 27(1)(k)/(kg)/(kd) exemption may wish to assess whether the “outside scope” treatment could be more advantageous for their overall deduction right.

## Let's talk

For a more in-depth discussion on the above you may contact:



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