

VAT treatment of share transactions and trading platforms

This document should be read in conjunction with paragraphs 6(1)(a) and 7 of Schedule 1 to the VAT Consolidation Act 2010 (VATCA 2010)

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Introduction

This manual sets out the VAT treatment of share transactions and trading platforms.

1 What is a share transaction

A share transaction includes transactions in stocks, debentures and all financial instruments including bonds, certificates of deposit and units in a unit trust.

2 VAT treatment

The sale or transfer of shares and trading in shares, done in the course or furtherance of a business, is a supply for VAT purposes which is VAT exempt.

The issue of new shares, normally done for the purpose of raising finance, is outside the scope of VAT.

3 VAT deductibility for share transactions

VAT on costs in relation to the sale or transfer of EU shares and trading in EU shares are not eligible for VAT deductibility.

The sale or transfer of non-EU shares and trading in non-EU shares are “[qualifying activities](#)”. VAT on costs in relation to qualifying activities are eligible for VAT deductibility.

VAT on costs that relate to the sale and transfer of and trading in both EU shares and non-EU shares needs to be apportioned in accordance with normal [deductibility rules](#).

The issue of new shares for the purpose of raising finance is outside the scope of VAT. VAT on costs associated with the issue of new shares for the purpose of raising finance for a taxable activity is deductible in accordance with normal deductibility rules.

4 Agency/negotiation

The supply of an agency or negotiation service in relation to a share transaction is VAT exempt, subject to certain conditions. Please see [VAT treatment of negotiation services in respect of financial services](#) for further guidance.

5 Services supplied by trading platforms

A trading platform is a software system that is used to trade shares.

It facilitates a “matching” service, whereby it matches prospective purchasers with sellers to allow platform users to (i) insert or offer bids for shares at specified prices and (ii) accept offers made available on the platform or offer different prices/bids for shares.

6 VAT treatment of trading platform services

Access fees are charged by trading platforms to prospective purchasers and sellers to access the platform to enable trading in shares. Access fees are VAT exempt.

Fees charged by trading platforms for matching services are VAT exempt agency or negotiation services subject to certain conditions. Please see [VAT treatment of negotiation services in respect of financial services](#).

Connection fees are charged by trading platforms for linking users to the platform and can take the form of, inter alia, a line rental or a data connection. Connection fees are taxable at the [standard rate](#).

Where trading platform users only use the trading platform for a VAT exempt service, the connection service may be considered as ancillary and, as such, is also VAT exempt. Further information in relation to “ancillary supplies” can be found here [Mixed supplies of goods and services](#).