

# CJEU 02-07-2020 Blackrock Investment Management (UK) C-231/19

By **Editors** - July 2, 2020





### **CJEU Blackrock Investment Management (UK) judgment**

BlackRock is a member of a UK-based VAT entity that it represents, which brings together companies active in fund management. BlackRock manages mutual funds and other funds, but mutual investment funds do not make up the majority of the funds managed, given the number and value of the assets under management. To manage all those funds, BlackRock purchases services from BlackRock Financial Management Inc. (hereinafter: BFMI), a company incorporated under US law that belongs to the same commercial group. Those services are provided through a computer platform called Aladdin, which consists of a combination of hardware, software and personnel. Aladdin provides portfolio managers with market analysis and performance and risk controls to support investment decisions, oversee regulatory compliance and enable transaction decisions to be made. It is apparent from the question referred for a preliminary ruling that this is one and the same performance, regardless of which funds are managed. Since BFMI is not established in the United Kingdom, BlackRock will pay VAT under the reverse charge mechanism in accordance with Article 196 of the VAT Directive.

For the period between 1 January 2010 and 31 January 2013, BlackRock has assumed that the services used for the management of mutual investment funds should be exempt from VAT under Article 135 (1) (g) of the VAT Directive, so that they only apply the tax satisfied with the services used to manage the other funds. In addition, the value of those services was calculated in proportion to the amount that those funds represented in the total amount of the managed funds. The tax authorities disagreed with this approach and imposed additional tax assessments.

According to the CJEU, a single management service provided by a computer platform of a third-party provider for a fund manager that manages both mutual investment funds and other funds does not fall under the exemption under Article 135 (1) under the VAT Directive.

Operative part    Judgment    Conclusion    Request

Article 135 (1) (g) of Council Directive 2006/112 / EC of 28 November 2006 on the common system of value added tax must be interpreted as meaning that a single management service provided by a computer platform of a a third supplier is provided on behalf of a fund manager that manages both mutual investment funds and other funds, which is not covered by the exemption from this provision.

---

**Related**



CJEU 04-05-2006 Abbey  
National C-169/04  
May 4, 2006  
In "Financial exemption"



CJEU 28-06-2007 JP Morgan  
Fleming C-363/05  
June 28, 2007  
In "Financial exemption"



CJEU 07-03-2013 Wheels  
Common Investment Fund  
Trustees C-424/11  
March 7, 2013  
In "Financial exemption"

---

---