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VAT exemption for credit negotiation

A practical look at CJEU *Versãofast* judgment and the Portuguese Tax Authority's new guidance

General Court judgment of 26 November 2025 | Case T-657/24

A new interpretation of the VAT exemption for credit negotiation

Following the CJEU's *Versãofast* judgment, the Tax Authority has issued new guidance on its interpretation of the VAT exemption applicable to the negotiation of credit.

1 *Versãofast (T-657/24)*

The General Court clarifies the material and functional test for credit negotiation.

2 New administrative guidance

Circular Letter No. 25122/2026 translates that approach into practical criteria.

3 Business impact

Service scope, contracts, fees and input VAT recovery may all need review.

WHY IT MATTERS

The exemption depends on what the intermediary actually does — not merely on its status or title.

What was the intermediary doing?

The case concerned a credit intermediary that sourced customers, assisted with credit applications and liaised with lenders.

THE SERVICE

What the intermediary did

The intermediary helped prospective borrowers prepare applications, submitted documentation, communicated with credit institutions and was remunerated by reference to the credit contracted.

The activities were directed at enabling credit agreements to be concluded.

THE LIMITATIONS

What the intermediary did not do

The intermediary did not represent the lender, did not determine the terms of the offers and did not decide which lender the client should choose.

The client remained free to choose whether and with whom to contract.

Question: can the service still qualify as exempt credit negotiation despite these limitations?

The substance of the negotiation service takes priority

The General Court assessed the nature and purpose of the service, rather than requiring the intermediary to control the lending decision.

WHAT IS NOT REQUIRED

No representation powers

The intermediary does not need authority to act in the lender's name or on its behalf.

Nor must it influence the terms of the credit offer.

WHAT MATTERS

A genuine intermediary role

The service must aim to bring the parties together and promote the steps needed for a credit agreement.

The client's freedom to choose or decline an offer does not, by itself, defeat the exemption.

Takeaway: the exemption can apply even where the intermediary does not control the lender's decision.

A clearer and more functional interpretation of "negotiation"

The *Versãofast* judgment and Circular Letter No. 25122/2026 reduce the weight of formal limitations and focus on the practical contribution to concluding credit agreements.

1 Representation

Not a condition: the intermediary need not act in the name of or on behalf of the lender.

2 Influence over terms

Not a condition: the intermediary need not negotiate or determine the lender's offer.

3 Influence over choice

Not a condition: the client may choose freely whether to contract and which lender to use.

The emphasis shifts from formal status and powers to the actual nature, purpose and contribution of the service.

The exemption is still not automatic: the substantive criteria must be met.

What interpretation follows from Circular Letter No. 25122/2026?

The exemption is assessed by the service's real function

The Circular Letter adopts a functional approach: the combined services must be intended to bring the parties together and enable a credit agreement to be concluded.

1 Look at the service as a whole

Tasks that look administrative in isolation may form part of an exempt intermediation service when they contribute to the overall process.

2 Form is not decisive

Representation powers, influence over credit terms and the customer's freedom to choose are not prerequisites for exemption.

3 Evidence the real link

The service description, workflow, lender communications and remuneration should support the claimed connection with a credit transaction.

THE CORE INTERPRETATION

The question is whether the functional package of services promotes the conclusion of credit agreements — not whether the provider is simply a regulated credit intermediary.

Services that may qualify for the exemption

The Circular Letter gives examples of services that may amount to credit negotiation when assessed in context.

1 Find customers

Proactively identify and source prospective borrowers.

2 Prepare applications

Identify required documents, collect and review them, and submit applications to lenders.

3 Support the decision

Receive lender responses, compare offers and explain key terms such as spreads, APR/TAEG and debt-to-income ratios.

These examples are indicative: the decisive question remains whether the services help bring about a credit agreement.

The service’s actual purpose and content must support the exemption.

Not every related service is exempt

The Circular Letter identifies categories that generally fall outside credit negotiation.

Assess the service itself — not just the provider’s regulated status.

01 Administrative support

Purely administrative or auxiliary services without a direct purpose of concluding credit agreements.

02 Generic marketing

Advertising without a concrete link to specific credit transactions.

03 Standalone services

Debt collection, credit recovery and independent financial consultancy.

Subcontracting can qualify only where each provider independently meets the substantive criteria and its role is essential.

A broader, fact-driven assessment of credit-intermediation services

The Circular Letter instructs the Tax Authority to apply a material and functional test.

1 Service mapping

Activities that form part of a genuine intermediation process may be exempt, even if individual tasks look administrative.

2 Fee model

Fixed fees, commissions and success fees can all qualify if directly linked to the intermediation service.

3 Service chain

Subcontractors are not automatically excluded, but each must meet the criteria independently.

COMMERCIAL IMPACT

Reclassification can affect VAT invoicing, input VAT deduction, pricing and contractual allocation of tax costs.

Turning the new guidance into a practical VAT review

The new guidance creates an opportunity to validate the VAT treatment against real operating practices.

01 **Map the services**

Separate credit intermediation from generic marketing, administration and standalone consultancy.

02 **Review contracts**

Describe the actual role, pre-contractual steps, deliverables and responsibilities of each party.

03 **Check invoicing**

Align invoice descriptions and VAT treatment with the services actually supplied.

04 **Test fees and input VAT**

Document the link between remuneration and intermediation; assess the effect of exempt activity on input VAT recovery.

Review existing arrangements and retain evidence of customer sourcing, application support and lender communications.

CONTACTS

MFA Legal & Tech – Indirect Taxes

For further information, please contact our team.



Bárbara Miragaia

Coordinator, Indirect Taxes

bam@mfalegal.pt



Rita Simão Luís

Coordinator, Indirect Taxes

rsl@mfalegal.pt

MFA Legal & Tech
Edifício Jean Monnet, Largo Jean Monnet, nº 1, piso 2, 1250-130 Lisboa, Portugal

(+351) 211 372 676

www.mfalegal.pt

mfalegaltech

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