



Portuguese Tax Authority clarifies VAT place of supply rules applicable to colocation services

A practical ruling for data center operators, colocation providers and business customers

Binding ruling no. 30559 | Decision dated 23 September 2026

One service model — two VAT place-of-supply outcomes

The decisive factor is whether a specific part of the property is allocated for the customer's exclusive use.

1 Shared room / standard racks

No exclusive use of a defined part of the building. The service is **not treated as connected with immovable property**.

2 Dedicated cage

A defined, customer-exclusive area. The service is **treated as connected with immovable property**.

3 Private room

A dedicated room allocated exclusively to one customer. Same real-estate VAT treatment as a cage: **connected with immovable property**.

WHY IT MATTERS

The type of service determines where VAT is due — for non-resident businesses, potentially affecting self-assessment and requiring a refund to recover the VAT charged.

Where is VAT due?

Apply the right place-of-supply rule

For B2B colocation services, the ruling distinguishes between shared infrastructure and exclusive customer space.

SHARED ROOM / RACKS

General B2B rule

For business customers established outside Portugal, the service follows the general B2B place-of-supply rule: typically, the customer's establishment.

Portuguese VAT is not charged by the Portuguese supplier where the general rule places the service abroad.

DEDICATED CAGE / PRIVATE ROOM

Immovable-property rule

The service is located where the data center property is situated, regardless of the customer's status or establishment.

Where the property is in Portugal, Portuguese VAT applies under the ruling.

Operational controls such as scheduled access, ID checks and authorised-user lists do not, by themselves, prevent exclusive space from being treated as property-related.

Ancillary services follow the principal supply

A single economic supply — not a menu of separate VAT treatments

The Tax Authority accepted that the described operational and storage services are functionally inseparable from the colocation service.

1

Critical operations

Power, cooling, cabling / cross-connects, smart hands, physical security, CCTV, access control and monitoring.

2

Accessory storage

Dedicated lockers or drawers for network components, offered only to data center customers as part of the colocation relationship.

VAT follows the core

Where these elements help customers use the colocation service and are not an end in themselves, they follow the main service's place-of-supply treatment.

Practical takeaway: assess the space allocation first, then apply that outcome to the bundled services.

Important: the ruling's conclusion on ancillary services is tied to the facts described, including their exclusive provision to colocation customers.

What data center businesses should do now

Turn the ruling into a contract and billing review

The ruling creates a clear framework — but the contractual rights and actual operating model need to align.

- 01 Map every product** Shared racks, cages, private rooms and storage modules should be classified separately.
- 02 Review the contract** Identify the exact space allocated, exclusivity rights, relocation clauses and access restrictions.
- 03 Check invoices and systems** Confirm place-of-supply coding, VAT charging, customer location data and reverse-charge wording where relevant.
- 04 Review bundled pricing** Determine whether power, cooling, smart hands, connectivity and storage are ancillary to the core colocation service.

For the past: Review past procedures to proactively manage any mismatches.

What non-resident business customers should do in the future

Look beyond the quoted price

For non-resident customers, the VAT treatment can materially affect the real cost and cash flow of colocation services.

Compare the total cost of the service including the applicable VAT.

01 Non-recoverable VAT

If VAT is charged and the customer cannot deduct it, it becomes a real cost. Check where VAT can be charged and whether there is a way to deduct it.

02 VAT recovered by refund

If VAT is recoverable but the customer is not established in the Member State where it is charged, recovery requires a separate refund claim under the non-established taxable-person scheme.

03 Cash flow & compliance

Allow for the time needed to obtain a refund, documentation and eligibility requirements, deadlines, and the risk that some or all of the VAT may not be refunded.

Before signing: confirm the VAT clause, who assesses VAT, whether it can be reclaimed, and the expected recovery timeline.

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

✉ rsi@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](https://www.linkedin.com/company/mfalegaltech)