# ESMA_QA_1838

**Submission Date**
28/03/2019

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## Additional Information

**Level 1 Regulation**
Markets in Financial Instruments Directive II (MiFID II) Directive 2014/65/EU- Investor Protection and Intermediaries

**Topic**
Information to clients on costs and charges

**Subject Matter**
Information on cost and charges

**Question**
Which taxes should be included in the ex-ante and ex-post costs and charges disclosure?

## ESMA Answer

28-03-2019

Original language

[ESMA 35-43-349 MiFID II Q&As on Investor protection Ch. 9, question 26 ]

According to MiFID II, investment firms must disclose ex-ante and ex-post to their clients i) all costs and associated charges charged by the investment firm for the investment service(s) and/or ancillary service(s) provided to the client as well as ii) all costs and charges associated with the manufacturing and managing of the financial instruments. Such costs are listed in Annex II of the MiFID II Delegated Regulation. Amongst the examples of costs and charges included in Annex II are stamp duty and transactions tax (relating to both service costs and financial instruments costs).

ESMA is of the view that – regarding service(s) costs – a distinction should be made between transactional or service-based taxes related to the provision of an investment or ancillary service (such as stamp duty, transaction taxes or VAT, where applicable), and taxes related to the income/revenue generated by the investment in which the client has invested (such as income or capital gains taxes on the coupons of bonds/dividends of shares).

Taxes related to the provision of an investment or ancillary service should always be included in the costs and charges disclosure.

Firms could decide whether to include or not in their costs and charges disclosure taxes that relate to the income/revenue generated by the investment in which the client has invested.