



## **FSI tax alert**

### Belgium

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## **Clarification of Belgian VAT regime for underwriting agents**

On 20 September 2017, the Belgian VAT authorities published a Circular Letter clarifying the current scope of exemption for insurance services with respect to underwriting agents. It also discusses conditions under which claims handling services performed by underwriting agents can benefit from the exemption in article 44 §3 4° Belgian VAT Code (Circular Letter 2017/C/60 dd. 20 September 2017; [Dutch](#) | [French](#)).

According to the Circular Letter, underwriting agents' specific activities concern, among others, the underwriting of insurance policies in the name and on behalf of the insurer without assuming any risk in this regard, and the offer of own insurance products. The VAT authorities take the viewpoint that, for VAT purposes, underwriting agents operate as insurers. This viewpoint deviates from the regulatory qualification of underwriting agents, where they are considered intermediaries or agents rather than insurers.

Underwriting agents perform an 'integrated service' with regard to the insurance contract in which they intervene. The VAT authorities confirm that the VAT exemption for insurance services can be applied to these services.

According to this viewpoint and for VAT purposes, underwriting agents operate similarly to so-called 'commissionaires'. This implies that premiums (rather than the commission) should for VAT purposes be considered as the underwriting agents' turnover. This may impact the right to deduct VAT and the pro

rata calculation for underwriting agents, who may perform both taxable and VAT-exempt activities (with or without a VAT recovery right).

As with the viewpoint regarding claims handling performed by insurance intermediaries, the VAT authorities also confirm that claims handling services, which are not part of the aforementioned integrated service performed by underwriting agents, will be subject to VAT from 1 January 2018.

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## Contacts

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