

VAT Alert

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12 September 2013

New addendum on the VAT deduction for business assets that are also used privately

On 12 September 2013, the Belgian VAT Administration published a new 'addendum' on the VAT recovery limitation rules for business assets which are (also) used for private purposes (Decision ET 119.650/4 dd. 9 September 2013). This includes the VAT rules applicable to company cars put at the disposal of employees by companies; the company cars can also be used by employees for private purposes.

This addendum is the fourth (and probably final) step in the new regulation process and completes the previous one which was published at the end of 2012. It applies as of 1 January 2013.

Aside from clarifications and extensive examples, the new decision introduces the following new elements:

a) Company cars

- It confirms that the Method 2 formula [private usage = (commuting distance x 2 x 200) + 6,000 kms/total kms] can also be applied in case the essential place of work is the home address and the commuting distance is '0', which means that only the lump sum 6,000 kms are considered as private.
- The Method 3 (lump sum recovery of 35%) can be applied irrespective of the number of vehicles used by the taxable person (previously, a de minimis rule of 4 cars was required).
- Introduction of a method 4 for 'light trucks': In addition to the calculation of the actual private kms, a lump sum recovery ratio of 85% is possible, subject to a number of conditions (inter alia, the primary use of the vehicle should be business related).
- For other movable business assets (PCs, tablets, smartphones, ...), the addendum confirms the lump sum recovery ratio of 75%. However, it clarifies that as well as the actual device, the VAT recovery limitation also applies to related costs such as (telephone, internet) subscription costs, etc.

The newly published addendum resolves a number of questions and uncertainties from previous versions, but it still leaves businesses with some decisions and options to take when defining the precise application of the VAT rules to their company car policy. In our view, it marks the end of the regulatory process on company cars. Given that its application starts in 2013, companies are forced to make a final implementation before the end of 2013.

A webinar will be organised to explain the addendum's content and the actions required from businesses into more detail.

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