

## VAT Alert

### News you can count on



15 October 2013

#### Tax point rules for VAT: extension of the transitional regime to 2014

*At the end of 2012, the tax point rules in Belgian VAT legislation were changed significantly. As of 1 January 2013, the issuance of an (advance) invoice no longer qualifies as a tax point. Under pressure from the business community, a transitional regime allowing to apply the old regime was foreseen for 2013. The Minister of Finance now announced that this transitional regime will also be applicable during 2014.*

#### New invoicing legislation

In the framework of the new invoicing directive's transposition on 1 January 2013, Belgian legislators also changed the tax point rules.

As a reminder, the new legislation disregards the invoice as a tax point, which has the following direct effects:

- Suppliers are only liable to VAT when the supply of goods or services is made, or upon payment if this is prior to supply;
- Customers can only deduct VAT when they have paid their supplier or when the supply can be considered as delivered, based on a valid invoice.
- Moving away from the invoice date as the central point in determining the tax point for VAT requires significant changes to invoicing processes and ERP systems, particularly for advance invoices.

#### Administrative tolerance period prolonged

The Belgian VAT authorities introduced an (optional) transitional regime for 2013 (Decision n° E.T. 123.563 of 19 December 2012, in Dutch and in French). According to this regime, Belgian companies are able to apply the "old" VAT rules regarding the tax point, meaning that:

- for transactions between professionals in Belgium, both supplier and customer can base their VAT liability, deduction and reporting on the (advance) invoice's date;
- for all reverse charge transactions where the customer has to account for VAT (e.g. immovable work), except for intra-EC supplies and services, both the supplier and the customer can base their VAT liability, deduction and reporting on the (advance) invoice's date;

For intra-EC supplies and services, the new rules are mandatory which means that no transitional period is applicable.

In his reply to a Parliamentary question published yesterday, the Minister of Finance confirmed that the

transitional regime will be prolonged for 2014.

The “practical modalities” will shortly be published in a decision. The Minister also committed to a new round of consultation with the business community, in order to agree upon a ‘definitive’ regime as of 2015.

## Contact

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