

## VAT Alert

### News you can count on



8 January 2014

#### VAT changes in Belgium and neighbouring countries

*1 January 2014 marks the start of a new year with VAT changes in Belgium and neighbouring countries. The most important developments are listed below.*

##### Belgium

In a further attempt to reduce the administrative burden for enterprises, the Belgian government made the following decisions:

- As of 1 January 2014, goods only qualify as 'investments goods' if their value (exclusive of VAT) is 1,000.00 euro or higher. The increase means that for most laptops, smartphones, etc., with a value lower than 1,000.00 euro, the VAT paid is not subject to revisions and these goods do not have to be declared in the table of investments or box 83 of the VAT return. Goods with a value below 1,000 euro which were acquired prior to 1 January 2014 remain subject to the existing revision scheme.
- Belgian companies have the possibility to file their periodic VAT returns on a quarterly basis if their annual turnover does not exceed a certain threshold. Until 2014, the general threshold was 1 million euro per calendar year. Companies above this threshold are obliged to file their returns on a monthly basis. As of 2014, the general threshold increased to 2.5 million euro. This means that more firms can limit their VAT reporting to only four periodic returns and listings. Note that the specific thresholds for fraud-sensitive sectors (e.g. mobile phone industry) remain unchanged.

Other important measures in the field of VAT:

- lawyer's fees are subject to 21% VAT as of 2014. This measure was already taken in the summer of 2014 but became effective on 1 January 2014 and is primarily aimed at increasing tax income for the Belgian state. The VAT authorities have published an extensive circular on the VAT rules for lawyers and the transitory measures for services that span the legislative change. Amongst others, it foresees that fees related to services in 2013 can as a general rule only remain without VAT if they are invoiced by 31 January 2014.
- From 2014, the VAT exemption for educational services is limited to entities which do not systematically aim to make a profit. If they do, any surpluses must be assigned to the continuation or improvement of educational services.
- a law published on 31 December 2013 clarifies the VAT exemption for immovable property leasing, by explicitly excluding the leasing of permanently installed equipment and machinery from the exemption. This aligns the Belgian VAT Code with the EU VAT Directive.

##### France

The French government decided to change the VAT rates as of 2014. The current rates are:

- standard VAT rate increased from 19.6% to 20%;
- the reduced rate for (e.g.) restaurant services and the renovation of residences, increased from 7% to 10%;
- the reduced rate for (e.g.) the supply of primary consumer goods such as food and non-alcoholic beverages remains 5.5%.

## Germany

A few months ago, Germany introduced the so-called 'Gelangensbestätigung', but the mandatory application was postponed until 1 January 2014. The new rules impact the administration in proving the exemption of the intra-EC supply from Germany.

Going forward, German suppliers willing to apply the exemption for an intracommunity supply of goods from Germany to another EU member state, whereby the customer picks up the goods, will require a written statement (with a draft imposed by the German authorities) as evidence for the international transport of the goods.

## Contact

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