

## VAT Alert

### News you can count on



2 April 2014

#### VAT rate on electricity for residential consumers in Belgium reduced to 6%

*On 27 March 2014, a Royal Decree regarding the VAT rate reduction on the supply of electricity was published in the Belgian Official Journal. As of **1 April 2014**, the supply of electricity to residential consumers will be subject to the reduced VAT rate of 6%. This measure aims to increase consumer spending power and on the back of this improve the Belgian economy's competitiveness.*

As of 1 April 2014, the supply of electricity to domestic consumers will be subject to the reduced 6% VAT rate. The impact of the reduced VAT rate from an economic, social and environmental point of view will be evaluated by 1 September 2015 at the latest. On the basis of this evaluation's outcome, the reduced rate may be continued beyond 1 January 2016.

The reduced VAT rate on electricity will function as follows:

- Only the supply of electricity to residential customers, as defined by the Electricity Law, is within scope of the VAT rate reduction. This covers physical persons purchasing electricity for their own household use, excluding commercial or professional activities. In practice, physical persons having signed a 'residential' contract with their electricity supplier will benefit from the reduced VAT rate. Physical persons having signed a 'professional' contract, as well as companies, other legal entities and associations are outside the VAT rate reduction's scope.
- Advances invoiced before 1 April 2014 will be subject to the standard VAT rate (21%), whereas advances invoiced as of 1 April 2014 will be subject to the reduced VAT rate (6%). The fact that the advance invoices relate (totally or partially) to the supply of electricity after 1 April 2014 is irrelevant.
- In the (yearly) consumption invoice relating to the period that starts before and ends after 1 April 2014, the final VAT will be calculated. To this extent, the metered electricity usage will be split between the portion consumed before 1 April 2014 and the portion consumed after, doing so based on standard consumption profiles used in the electricity sector (SLP). The consumption portion allocated to the period before 1 April 2014 will be subject to the standard VAT rate (21%) and that allocated to the period after 1 April 2014 will be subject to the reduced VAT rate (6%).
- The reduced VAT rate is applicable on all elements of the electricity invoice, except for the federal and regional taxes and levies that are not subject to VAT since they are not considered part of the taxable base for VAT. In this respect, please note that as of 1 April 2014, the federal contribution on the supply of electricity will no longer be considered as part of the taxable base for VAT. This also applies for the federal contribution on the supply of gas. These changes with respect to the federal contribution on the supply of electricity and gas are not limited to residential customers but apply to all customers.

- As the reduced VAT rate is limited to supplies of electricity to residential customers, the purchase of electricity by suppliers remains subject to the normal VAT rate (21%). Electricity suppliers who, as a result of the VAT rate change and taking into account the nature of their client portfolio, would end up in a VAT credit position (i.e. VAT deductible exceeds VAT payable) will be able to apply for a monthly reimbursement of VAT credit.

Within the introduction of the reduced VAT rate on the supply of electricity framework, the Belgian VAT authorities have published a [list of Frequently Asked Questions](#).

## Contact

Any questions concerning the items in this publication? Please contact your usual tax consultant at our Deloitte office in Belgium or:

- Johan Van der Paal, [jvanderpaal@deloitte.com](mailto:jvanderpaal@deloitte.com), +32 2 600 66 39
- Kris Eeckhout, [keeckhout@deloitte.com](mailto:keeckhout@deloitte.com), + 32 9 393 75 39

For general inquiries contact:

- [bedeloittetax@deloitte.com](mailto:bedeloittetax@deloitte.com), + 32 2 600 60 00

Be sure to visit us at our website: <http://www.deloitte.com/be/tax>

## Related links

[Deloitte Tax News & Publications](#)  
[Deloitte Academy](#)  
[Dbriefs Webcasts](#)

## Follow the latest Tax news on



---

Berkenlaan 8b  
1831 Diegem  
Belgium

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Home |  RSS | [Add Deloitte as safe sender](#)