



VAT alert

Belgium

Belgian government unexpectedly abandons optional VAT on immovable letting

As part of the 'Summer Agreement', the Belgian government announced at the end of July 2017 that it was to introduce a new optional regime applying VAT to standard immovable letting between businesses. Deloitte has learnt that this plan has been abandoned after government meetings during the weekend of 21-22 October 2017. Only an extension of the conditions to apply VAT on the letting of a warehouse facility has been maintained.

Budgetary concerns

Since the government announced its intention to introduce an optional regime for immovable letting, it discussed scenarios for implementation. It appeared that within the government's "relance" (relaunch) agenda, there were budgetary concerns regarding the new regime's impact in terms of additional VAT deduction for investors in real estate properties rented out for business purposes.

These concerns have led to the government completely abandoning the initiative. Belgium will therefore continue to be one of only two EU Member States that do not allow a broad option for VAT on the lease of real estate in a professional context.

Warehouses

As part of its "relance" agenda, the government will endorse an extension of regulations on the letting of warehouse facilities under the VAT regime.

This extension means that the conditions to subject the provision of a warehouse facility to VAT will become less strict. Currently, said conditions are (1) that the warehouse can only be used for storage purposes and (2) that offices may not exceed 10% of the warehouse's total surface or volume.

It is expected that these criteria would be replaced by a rule, on the basis of which the VAT regime for the warehouse's provision would depend on the facility's *principal* use. Hence, where the facility is primarily used for warehousing purposes, VAT would apply to the facility's provision.

This change can be ensured by modifying the current administrative guidelines. The exact criteria will be communicated at a later time.

Deloitte will continue to closely monitor this development and will provide updates once additional details become available.

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