



## VAT alert Belgium

### New VAT rules for logistic service providers

*From 23 November 2017, goods transportation in Belgium, performed for or invoiced to customers established outside the EU, is subject to [new VAT rules](#). The transport of goods for a Belgian customer that partly takes place on non-EU territory is also subject to changed VAT rules.*

In principle, a logistic service for a B2B customer is VAT taxable where the recipient is established. However, Royal Decree n°57 foresees certain deviations to this general rule based on where the goods' transport physically takes place, under the so-called "use and enjoyment" provisions.

On 13 November 2017, a changed version of Royal Decree n°57 was published in the Belgian Official Journal.

#### Impacted scenarios

##### **Logistic services entirely on Belgian territory for a non-EU business customer**

Under the old rules, local transportation in Belgium for a non-EU business customer was not subject to Belgian VAT, as under the general rule, the place of supply of such service was located at the recipient's place of establishment.

Under the new rules, the transport service must be subject to Belgian VAT for transportation that takes place entirely in Belgium.

It should be noted that towards non-EU customers, VAT exemptions can also apply. Hence, pre-import transportation of goods on Belgian territory, under a suspensive regime or in an export framework, can still be VAT exempt if conditions are met. Furthermore, recent CJEU case law restricted the exemption's scope for transportation performed by a subcontractor in an export supply framework.

### **Logistic services (partly) on non-EU territory for a Belgian business customer**

Under the old rules, if transportation was performed for a Belgian business customer, where part of the transport occurred on non-EU territory, the non-EU part was considered to be outside the scope of Belgian VAT. Hence, the invoice was split to ensure that the portion of the price related to the non-EU part was not subject to Belgian VAT.

This approach is simplified under the new rules to avoid the administrative burden that comes with splitting the price based on kilometres covered. The transportation service performed for a Belgian business customer can still be considered as outside the scope of Belgian VAT, but only if transportation takes place entirely on non-EU territory. In all other cases, the service to a Belgian business customer is subject to Belgian VAT in its entirety.

### **Entry into force**

As no specific date of entry into force is mentioned, the new rules apply by default from 23 November 2017 (as the 10<sup>th</sup> day after Belgian Official Journal publication).

### **Impact**

It is clear that this change requires logistic service providers to analyse their current transactions on both subcontractor and customer level, and adapt ERP and accounting systems accordingly.

As this change is one of the many affecting the logistic sector recently, on both EU and National levels, Deloitte developed a quick scan specifically aimed at detecting the impact of these recent changes. The VAT team is readily available to provide more information in this respect.

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### **Contacts**

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