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 10th 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.

**Contacts**

If you have any questions concerning the items in this alert, please contact your usual tax consultant at our Deloitte office in Belgium or:

- Johan Van der Paal, jvanderpaal@deloitte.com, +32 2 600 66 39
- Pieter Van Hoecke, pivanhoecke@deloitte.com, + 32 3 800 86 74
- Karen Truyers, ktruyers@deloitte.com,+32 2 600 66 13

For general inquiries, please contact: bedeloittetax@deloitte.com, + 32 2 600 60 00

Be sure to visit us at our website: [http://www.deloitte.com/be/tax](http://www.deloitte.com/be/tax) | [http://www.laga.be](http://www.laga.be)
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax and legal, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 225,000 professionals, all committed to becoming the standard of excellence.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

Laga BV CVBA in Belgium

Laga BV CVBA is part of a privileged multidisciplinary cost-sharing association with Deloitte Accountants BV CVBA.

© 2017. For information, contact Deloitte Belgium.

Subscribe | Unsubscribe