



VAT alert Belgium

New monthly VAT refunds for “starters” and a stricter filing deadline for monthly VAT refund requests

On 11 December 2019, the Belgian VAT Authorities published a Circular Letter ([Dutch](#) | [French](#)) providing guidelines on the possibility for taxpayers at the start of their economic activity (so-called “starters”) to request a refund of their outstanding VAT credit on a monthly basis, taking into account certain conditions and formalities; this during a period of two years. The new monthly VAT refund regime will enter into force as of 1 January 2020.

Purpose of the new ‘starters’ regime

Taxpayers starting their economic activity often end up in a VAT credit position with the Belgian State, because of the deduction of input VAT incurred on costs and investments done at the start of their activity.

In principle, this VAT credit will be carried forward to the next reporting period. However, if certain conditions are met, it can be reimbursed to taxpayers who submitted refund requests, either on a quarterly or monthly basis.

The monthly VAT refund regime is only accessible to taxpayers who are mostly in a VAT credit position, and thus mainly to those whose activity is largely VAT exempt (‘zero rated’), whilst being VAT liable on their incoming transactions.

Therefore, the majority of taxpayers are only eligible to obtain a quarterly VAT refund for which the repayment occurs, at the latest, three months after the period to which the quarterly or monthly VAT return relates.

This period of time can lead to liquidity issues for starters.

Therefore, a new monthly refund regime was been introduced by Royal Decree. The Circular Letter provides additional guidelines.

Eligible taxpayers

The term 'starter' particularly involves:

- New taxpayers who have not been registered for VAT purposes before and submit a declaration of activity commencement (form 604A);
- Taxpayers who have ceased their activity through the submission of a form 604C and have started a new one. Three months should have expired between the date of cessation and the date on which the new declaration of activity commencement was submitted (form 604A);
- Taxpayers who submit a declaration of activity commencement (form 604A) and opt for the exemption regime, however, later switch to the normal regime during the first two years of their activity (these remain starters until the two years have expired);
- New VAT groups (even if the members themselves have all been VAT registered before) who submit a declaration of activity commencement (form 606A).

Holders of a global VAT number that starts with BE0796.6 or BE0796.5 cannot be considered as starters.

The regime automatically applies. Hence, no prior authorisation is to be obtained from the VAT office.

Conditions

In order for a starter to benefit from the new monthly VAT refund regime, the following conditions must be fulfilled simultaneously:

- The VAT credit should relate to a period included in the 24 months following the date of the economic activity's commencement as mentioned in the form 604A or 606A;
- The monthly VAT refund regime is reserved for starters held to file periodical VAT returns on a monthly basis (and thus not applicable for quarterly VAT filers);
- The VAT credit should amount to at least EUR 245. Any exceeding VAT credit amounts will be carried forward to the next reporting period;

- The periodical monthly VAT return should be submitted, at the latest, on the 20th day of the month following that in which the transactions took place;
- The periodical monthly VAT return must be submitted electronically via the INTERVAT application (as such, not possible for taxpayers submitting monthly VAT returns on paper);
- The taxpayer should explicitly request a refund of outstanding VAT credit through the periodical monthly VAT return (tick the relevant box).

The right for a starter to reclaim a monthly VAT refund can be temporarily or permanently revoked if the abovementioned conditions are no longer fulfilled, or if anomalies have been detected by the Belgian VAT Authorities.

Stricter application conditions for holders of monthly VAT refund licenses

Taxpayers other than the abovementioned starters, who have obtained a monthly VAT refund license, will have to file their Belgian VAT return at the latest on the 20th day of the month following that in which the transactions took place in order to reclaim a reimbursement.

Until now, the Belgian VAT Authorities applied an administrative tolerance for holders of such a monthly VAT refund license, allowing them to submit their Belgian VAT return before the end of the month without affecting the right to reclaim a reimbursement through said return.

It therefore appears that going forward, the submission deadline will have to be strictly respected, even during the summer holiday period where the Belgian VAT Authorities typically foresee a tolerance.

Entry into force

The possibility for starters to ask for a monthly VAT refund, as well as the stricter application conditions for holders of a monthly VAT refund license, will enter into force as of the first VAT return submitted in 2020 i.e. the return relating to transactions carried out during the month of December 2019 and to be submitted by 20 January 2020.

Further practical guidelines from the Belgian VAT administration are pending in this regard.

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