



VAT alert Belgium

VAT on immovable rent: draft bill passed in Chamber of Representatives Commission on Finance

The Chamber of Representatives Commission on Finance passed the draft bill regarding the option to subject immovable rent to VAT on 19 September 2018.

The essential provisions of the law are summarised below:

- The option is exercisable as of 1 January 2019 and requires VAT on works related to the building's construction to be due as of 1 October 2018 (i.e. completion of the works, invoice date, payment date, etc.) This means that the actual start of the works themselves is, as such, irrelevant.

Note: the option applies to new buildings as well as existing buildings that qualify as new for VAT purposes after renovation works took place

- Demolition works, architect services, soil sanitation, etc. that took place before 1 October 2018 do not need to be taken into account
- A VAT revision period of 25 years will apply to VAT recovery for buildings for which the option has been exercised
- The option is a mere clause in the contract between the landlord and the tenant. No formal notification towards the authorities is required

- As of 1 January 2019, B2B rental of storage space is subject to the option scheme. Without an explicit option, these contracts are VAT exempt

Due to the new definition of storage space (i.e. space is primarily used for storage and not more than 10% of it for sales), contracts that are currently VAT exempt because they do not meet the office space 10%-threshold could be subject to VAT as of 1 January 2019. If so, VAT on the initial investment can be partially reclaimed

Deloitte and Laga workshops

As every project and every company needs to assess its concrete projects, Deloitte and Laga's VAT specialists will co-organise workshops in the very near future. Interested parties can contact one of the VAT specialists mentioned below; they will subsequently be in touch regarding an invitation.

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:

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