



## Details

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## Belgian VAT authorities clarify the rules on deduction of input VAT related to business assets (company cars, ... ) used for mixed purposes



Recently, new administrative circular letter n° 36/2015 of November 23, 2015 was published. It concerns an extensive administrative circular letter regarding the rules on input VAT deduction related to business assets used for professional and private purposes which in the past were subject to various decisions and parliamentary questions. The administrative circular letter aims to coordinate these existing comments, to clarify them where necessary, as well as to give practical guidelines. Next to coordinating and clarifying existing administrative comments, the circular letter also offers new comments and practical guidelines on several topics related to a.o. company cars.

With regard to company cars, the circular letter provides a clear framework together with additional clarifications regarding the methods that are applicable to determine the professional use of mixed-used company cars. In this context, a clear definition of commuter traffic is introduced. Further, also being commented is the VAT treatment of additional options that might be chosen by employees against consideration whenever they have the possibility to benefit from a company car. Special attention is also paid to the VAT treatment of the mere granting of a fuel card, as well as to the VAT treatment of demo cars, which are, next to their professional use, also used as a private means of transport. Specific administrative tolerances apply to sales representatives and workers in the construction industry.

In addition to the regime applicable to mixed-used company cars, some general remarks are emphasized in the circular letter. The Belgian VAT authorities explicitly confirmed that no VAT should be charged on expenses made for goods with a value of less than 1.000 EUR, excluding VAT. The same applies for expenses made in relation to business assets for which the VAT adjustment period has expired. The practical calculation rules applicable to mixed taxpayers and the possibility to charge VAT on the benefit in kind for the free provision of heating and electricity are also being discussed.

As a final remark the circular letter explicitly mentions that individual agreements with the Belgian VAT authorities remain valid, even if these are not in line with the text of the new circular letter. However, this is under the condition that it appears from the factual circumstances that the ratio professional use versus private use corresponds to the individual agreement obtained.

The new rules and tolerances enter into force on January 1, 2016.

If you would like to know more in detail about some specific topics of the circular letter, do not hesitate to contact your KPMG tax advisor.

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KPMG Tax Advisers

Bourgetlaan - Av. du Bourget 40 B-  
1130 Brussels  
Tel.: +32 2 708 38 24

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