



VAT entity

Since April 2007, taxpayers that are part of the same group have been able to form a VAT entity. Companies that form part of the same VAT entity no longer have to charge VAT on the goods and services transactions between them.

Conditions?

Only taxpayers that have their registered office in Belgium can join a VAT entity. To join a VAT entity, three cumulative conditions have to be fulfilled. The members of the VAT entity have to have strong financial, economic and organisational links with one another.

Benefits?

The establishment of a VAT entity can lead to optimisation of the VAT deduction within the group. Through the formation of a VAT entity, the intra-group transactions fall outside the scope of VAT. As a result of this, the charging of non-deductible VAT is avoided or the right of deduction at group level is increased. Additionally, any problems in relation to the correct application of the VAT rules when passing on costs and intra-group settlements are avoided. A VAT entity also means that the pre-financing of the VAT in intra-group activities is no longer necessary.

Implications

For the purposes of VAT, all members of the group therefore become just one taxpayer. Therefore just one centralised return has to be submitted in the name of the VAT entity. All members of the VAT entity are jointly and severally liable for the VAT debts of the members of the group.

Contact your accountmanager or one of our specialists at contact@vdl.be.