

## I make a purchase abroad: where do I pay VAT?

The general rule is simple: as a private individual you pay VAT in the country where you purchase a product. VAT is after all a consumption tax, which should be paid in the country of consumption. However exceptions apply: for new means of transport, excise goods, distance sales and goods which have to be installed.

### General rule: VAT in the country of purchase

Private individuals are free to make purchases in other member states of the European Union. In such case, VAT is due in the country where the purchase is made.

The purchased goods can be brought to the member state where you live without any formalities.

### First exception: purchase of new means of transport

The purchase of new mean of transport should always be taxed in the country of destination, in other words in the country where the means of transport will be used. If you buy a car abroad with the intention to bring the car to Belgium, you will still pay VAT in Belgium.

A number of means of transport are concerned (not only cars): cars, lorries, trams, busses, airplanes, boats, ...

Means of transport are considered 'new' for VAT purposes:

- means of transport used on land within the first six months after their first use, OR if they have ran less than 6.000 kilometers;
- boats within the first three months after their first use, OR when have sailed less than 100 hours;
- airplanes within the first three months after their first use, OR when they have flown less than 40 hours.

### Second exception: excise goods

Also excise goods should be taxed in the country of destination. The member state of destination is the country where the transport of these goods ends.

Excise goods are: mineral oils (gasoline, diesel, oil fuel), alcohol and alcoholic beverages and tobacco products.

COMPTAFID-Benelux NV SA  
Brussels

Bld. Edmond Machtensl. 180/100  
B-1080 Brussels  
Tel: +32 (0)2 410 75 75  
[www.comptafid.be](http://www.comptafid.be)

COMPTAFID-Benelux NV SA  
Antwerp

Schijnparklaan 45  
B-2900 Antwerp (Schoten)  
Tel: +32 (0)3 658 89 02  
[www.comptafid.be](http://www.comptafid.be)

COMPTAFID (Schweiz) AG  
Zürich

Seefeldstrasse 19 – Postfach  
CH-8032 Zürich  
Tel.: +41 44 250 2929  
[www.comptafid.ch](http://www.comptafid.ch)

### Third exception: distance sales

Within the EU different VAT rates apply within the various member states. The distance scheme was introduced to avoid that mail order companies would all be established in the member states with the lowest VAT rates.

The special regime for distance sales only applies when the transport of the goods is provided for directly or indirectly by the supplier from one member state to another.

Under the distance sales scheme VAT is due in the country of destination, the country where the buyer is established and not the country of the supplier.

*Example: You order clothes and shoes with a German mail order company, you will still have to pay Belgian VAT.*

There is an exception to this exception: for small suppliers (which do not sell much abroad): they can still charge VAT of their home country. In such case the supplier should not have sold more than 35.000€ to Belgian customers during the previous and current year.

*Example: You order furniture with a small Dutch company in October 2013 for an amount of 5.000€, the Dutch supplier did not have any other Belgian clients during 2012 and 2013, the Dutch supplier will charge Dutch VAT.*

The supplier is not obliged to apply this 'exception to the exception': he can opt to tax the distance sales in the country of the client, even if he did not exceed the threshold.

### Fourth exception: supply of goods with assembly or installation

When goods are supplied and assembled or installed by the supplier, VAT will always be due where the assembly or installation takes place.

A supply with installation implies that additional material work for the assembly or installation is necessary. In other words: the purchased goods cannot be used without the installation or assembly.

*Example: you buy bathroom furniture from a French company. The French supplier assembles the furniture at your place in Brussels. You will pay Belgian VAT.*

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B-1080 Brussels  
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[www.comptafid.be](http://www.comptafid.be)

COMPTAFID-Benelux NV SA  
Antwerp

Schijnparklaan 45  
B-2900 Antwerp (Schoten)  
Tel: +32 (0)3 658 89 02  
[www.comptafid.be](http://www.comptafid.be)

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Zürich

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CH-8032 Zürich  
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[www.comptafid.ch](http://www.comptafid.ch)