

Mussels' suppers, baking waffles, spaghetti evenings and VAT

Associations with social and cultural activities are VAT exempt for their normal activities. In order to fund their activity, they often organize a number of other activities. These are normally also VAT exempt. The VAT authorities have published a circular letter in order to provide more explanation.

Exemption for fund-raising

Youth movements, sport clubs and cultural associations, ... always look for a way to raise funds. They often do so by organizing activities falling outside the scope of their normal activity: mussels' suppers, baking waffles, spaghetti evenings. In order to simplify these fund-raising activities, these activities are also VAT exempt.

A change in the law in 2016 and a recent circular letter provide more explanation on the three conditions which have to be fulfilled in order to benefit from the exemption: (i) the association itself should organize the event, (ii) it should concern occasional activities and (iii) they do not distort competition.

The association itself acts as organizer of the event

The association itself should act as the **organizer** of the fund-raising event. This means that it is **responsible** for (looking for) the location, programming, construction, publicity, receipt of income, .. This does not mean that the association cannot have assistance from third parties.

Example

A sports club organizes an annual cheese and wine evening. The club itself looks for a location, takes care of the purchase of the cheese and wine, makes publicity with (ex-)members, family and sympathizers and takes care of the service at the event. Only for the music a DJ is hired = the sports club itself is the organizer, the exemption is applicable.

A sports club organizes an annual cheese and wine evening. The club looks for a caterer which takes care of the whole event = the sports club cannot be considered as the organizer and cannot apply the VAT exemption.

Occasional activities

The fund-raising activities cannot be an economic activity for the VAT payer. The activities can only be of an **occasional** nature. Moreover, they should explicitly be organized to **raise funds** and should **exclusively benefit the association or a good cause**.

It is important that there is no regularity. It is however not excluded that the sports club organizes an annual sports game in order to raise funds.

No distortion of competition

By organizing these activities, the association **cannot distort competition** with companies organizing these activities as their professional activity: the activities can only generate **occasional income**, they **cannot form a real economic activity** and should have as goal to simplify the realisation of the goals of the association.

To judge whether or not there is distortion of competition is not easy. In order to have something to hold, the tax authorities quote a couple of criteria in the circular letter: the association can organize maximum **four events per calendar year** and such event can last maximum **three successive days**.

What if it is judged that there is distortion of competition? In this case, the exemption is no longer applicable as from the following quarter. This means that the event exceeding the threshold itself, remains exempt.

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