

Sharing economy: VAT aspects

Previously we discussed the income tax regime for income generated by sharing economy. Engaging in activities the sharing economy also has VAT consequences. In this article we explain the VAT aspects.

By sharing economy, we mean goods and services being shared, swapped and sold between private individuals. Often this is done through online platforms such as kapaza, thuisafgehaald.be, Airbnb, Uber, ...

Reminder: the income tax regime

Private individuals generating income by performing services to other private individuals pay only 20% tax, provided they offer these services through a recognized online platform. Additionally, they have a 50% lump sum expenditure reduction, leading to an actual tax rate of 10%. This only applies to the extent that the generated income does not exceed 5.000€ (indexed). For 2016 the threshold amounts to 2.500€ since the regime only started on 1 July.

VAT rules

This regime also has VAT consequences. In short private individuals who are active in the sharing economy should not apply for a VAT identification number when they qualify as a small company (turnover under the 25k€ threshold). This means that a private individual active in the sharing economy should not charge VAT on the services performed. He should not register for VAT purposes and does not need a VAT identification number, and should not file VAT returns nor an annual client listing. On the other hand, this also means that he cannot deduct any VAT he paid himself.

Watch out: a private individual in the sharing economy is not entirely the same as the small companies' scheme: the latter should obtain a VAT number.

Additionally, a number of other conditions have to be fulfilled, which partially equal the direct tax conditions:

- the services have to take place in Belgium;
- the service provider cannot supply the same services in the scope of his professional activity (e.g. a cook exploiting a restaurant and supplying meals through the platform = excluded from the regime);
- the private individual can only offer its services through the platform, which also settles the payments. Additionally, he can only provide these services for other private individuals using them for their own private purposes. Services provided to a VAT payer using them for his economic activity are excluded;
- maximum turnover is 5.000€ (indexed) per calendar year. When determining the turnover, the gross amount of the income is considered. This means: the amount paid by the platform increased with the by the platform withheld commission. Exceptionally the threshold can be exceeded with maximum 10%. Watch out: this toleration only applies for VAT and not for income tax purposes.