

VAT obligation when changing your economic activity

As a VAT payer, there are a number of administrative obligations to comply with. When starting your economic activity, you should register with the Companies Crossroad Bank (CCB) and apply for a VAT number. But also a change in your economic activity should be reported. We list here what should and shouldn't be communicated to the tax authorities.

Who should report?

It is logic that only VAT payers who should report the start of their economic activity, should also report a change in that activity. This means that this obligation does not apply to (1) VAT payers without right to deduct VAT because they perform services which are VAT exempt (e.g. doctors) and occasional VAT payers who (2) sell a new building or (3) make an intracommunity supply of a new means of transport.

Which changes?

If something changes in your economic activity, you should report these changes by means of the form 604 B. This obligation only applies to the extent that these changes have a direct impact on your company's right to deduct input VAT. If you initially performed both exempt and taxable transactions and as from now only exempt (or taxable) transactions, this has a direct impact on your right to deduct input VAT: you will no longer have right to deduct VAT (or have full instead of partial right to deduct VAT). These kind of changes should certainly be reported.

Watch out: if you previously only made exempt transactions and did not have any right to deduct VAT and through the change in your activity you will start to perform taxable transactions, you become a mixed (with limited right to deduct VAT) or full VAT payer. In such a case you shouldn't report a 'change' in your economic activity, but a 'start' of an economic activity using the form 604 A.

Other changes, such as the name of the company or the legal form, should only be reported to the CCB.

Example

You extent your activity as an electrician with plumbing. Your activity changes, but you remain a VAT payer with a taxable activity on which VAT is charged and you keep your full right to deduct VAT.

A change in the activity can be the consequence of ...

- you start a new activity: you describe as accurate as possible which activity you will perform, as from when, and you indicate also whether this will be your (new) main activity or an ancillary activity;
- you stop a part of your activity: if you stop all your VAT activities, you should follow another procedure;
- you transfer a branch of activity: you should report the date of the transfer and the identity of the acquirer.

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How?

You should file a form 604 B with your local VAT office. You can file the document yourself, or can leave it to an organ of your company (e.g. director), a third person which obtained a proxy hereto (e.g. an employee, internal or external bookkeeper) or a recognized business office.

You have one month as from the change to comply with the reporting obligation. The original document should be completed as filed with the competent VAT office or sent by mail. Electronic filing is not allowed.

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