

Green roofs and green house fronts: 6% reduced VAT rate or not?

Immovable work is taxed at a reduced VAT rate of 6% provided the house is older than ten years. Gardening however is excluded from this reduced VAT rate and is always taxable at 21%. The question is what is to be considered as gardening. What to do e.g. when constructing a green roof or green house front?

The tax authorities have provided an answer to these questions in a circular letter of April 2017 (n° 25 of 24 April 2017). It shows that in certain cases the reduced VAT rate can be applied on green roofs and green house fronts.

Green roofs

In the circular letter the tax authorities distinguish between three types of green roofs.

The **extensive roof or vegetation roof** (type 1) is a roof with a relative thin hydroponic layer (usually less than 12 cm) for shallow vegetation such as mosses, succulents and grasses. Such a green roof needs no or little maintenance and is usually not passable. Operations and construction of such a roof are not considered as gardening, so the **6% reduced VAT** rate can be applied.

The two other types are considered as gardening, so the standard VAT rate has to be applied. These are: a **semi-intensive roof or light roof garden** (type 2) which consist out of a thicker hydroponic layer which is planted with all kinds of vegetation (big trees and bushes excluded) and an **intensive roof or roof garden** (type 3) for which a thick hydroponic layer is used - generally more than 25 cm - and which is planted with all kinds of vegetation requiring a reinforced roof structure (due to its heavy weight).

However not the entire roof falls outside the scope: the tax authorities accept that the **roof structure** for a green roof can be subject to the reduced VAT rate. Only the vegetation is taxed at the higher VAT rate. This means that the entrepreneur, when building a type 2 or type 3 green roof, should **split up** the invoice in:

- services relating to the structure of the roof such as the construction, making it watertight, thermal isolation, damp screen and drainage = not considered as gardening, subject to the 6% rate;
- the other services which are considered as gardening and which are excluded from the reduced VAT rates, such as planting and vegetation (e.g. drainage and filtering, the hydroponic layer and the plants).

Green house fronts

For green house fronts the tax authorities distinguish between two different kinds.

On one side, there are the **non-ground bound green house fronts**. These are vertical placed modules or panels, in all kinds of forms, which are connected through a hanging system to the house or an independent part of the house front and whereby an irrigation system provided water and nutrients. On the other hand, there are the **ground bound green house fronts**, whereby the vegetation is mainly connected from the ground to a structure on the house front or at a certain distance from it.

In order to benefit from the reduced VAT rate, it is required that a permanent structure is durably connected to the house front. These services are considered to relate to the house itself, as it is the case for plaster services or house front covering. The services can benefit from the reduced VAT rate.

The mere supply of climbing plants (ivy, virginia creeper, clematis or honeysuckle) on the feet of the wall, whether or not supported by a simple structure (climbing assistance) do not qualify and are always subject to the standard VAT rate.

Only for houses older than ten years?

Above we mentioned immovable work for houses older than ten years. Additionally the reduced VAT rate of 6% is also applicable to other categories of immovable work. With the same exclusion for gardening. And the same rules for green roofs and green house fronts.

These are immovable work related to (i) private dwellings for disabled people, (ii) institutes for the disabled, (iii) housing in the scope of social policy, (iv) demolition and rebuilding of building in certain cities and (v) private initiatives related to housing in the scope of social policy (the latter being subject to the reduced VAT rate of 12%).

Note

Also for immovable work on school buildings (used for education and counselling of students) the 6% reduced VAT is applicable. Here the Royal Decree does not exclude gardening from the reduced VAT rate. For these buildings the above rules do not apply. Green roofs and green house fronts can be constructed at the 6% VAT rate.

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