

## Immovable work for own purposes: no longer necessary to self assess VAT

A VAT payer performing immovable work himself, should no longer charge VAT to himself. This work is no longer deemed to be a service supplied for consideration.

### Why charge VAT to yourself?

When a VAT payer takes a movable good from his business for private purposes, for the private purposes of an employee or, in general, for other purposes than his economic activity, he performs a deemed supply. By doing so, he becomes the end consumer. The VAT payer should charge VAT to himself.

The same rule applies when such VAT payer uses movable goods from his business for private purposes.

### What in case of immovable work?

Under immovable work we understand a number of transactions: building, refurbishing, finishing, repairing, maintaining, cleaning and breaking down of buildings.

For the immovable work which is performed by a VAT payer (or by his employees) for his own professional use, VAT is no longer due by the VAT payer. He should however still charge VAT (to himself) if, in case the work was performed by a third party, he would not have right to 100% VAT deduction. Which after all is logical. It is quite a hassle when a VAT payer has to charge VAT to himself which is in the end deductible.

This is new since 16 December 2017. Before, the VAT code provided that a VAT payer performing immovable work for his own professional purposes, was performing a service to himself. This was however not in line with the European rules (VAT directive). As a consequence the law had to be changed.

The tax authorities allow that the new rules are also applied for the past. This means that when a VAT audit shows that a VAT payer has made such immovable work, but did not charge VAT to himself, the VAT due will no longer be claimed. This is confirmed by the tax authorities in a circular letter.

### Example

A baker buys an old building and performs the refurbishment himself. After these works he settles his bakery in this building. If the refurbishment would have been performed by a contractor, he could fully deduct the VAT → the baker should not charge himself VAT.

A real estate agent buys a house in order to rent out afterwards (VAT exempt immovable rent). He performs works on the building himself. If the works would have been performed by a contractor, he could not deduct the VAT, since the building is used for a VAT exempt transaction → the real estate agent will have to charge VAT to himself.