



Innovation in VAT procedure: the provision account

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Important changes are imminent in the Belgian VAT procedure. Among other things, the introduction of the new "provision account" will put an end to the current VAT current account. These changes aim to modernize, digitize and make the management of VAT payments and periodic returns more efficient for both taxpayers and tax authorities. Here is an explanation of what to expect.

Abolition of the current account

One of the most notable changes is the abolition of the current VAT current account. Currently, both VAT payables and VAT credits resulting from periodic returns are managed through the current account. This will be replaced by the provision account, similar to a bank account into which debts and payments will be recorded.

Benefits of the provision account

The provision account brings some new advantages. One of the main advantages is that taxpayers can withdraw specific amounts for their benefit without having to reclaim the full amount each time. Through the My Minfin platform, taxpayers can request to withdraw part or all of their balance almost instantly and without complicated procedures.

Note that a refund of the VAT credit via the VAT return (box 72) is also still possible, provided the conditions - such as timely VAT returns in the past 6 months - are met.

Abolition of the special account

The abolition of the current account is also accompanied by the abolition of the special account. This is currently set up when the current account is reset to zero due to non-submission or late submission of periodic VAT returns and/or non-payment of established VAT debts. When a special account is opened, the VAT due is immediately increased by a 15% penalty.

Substitute return

With the new procedure, a late return will be automatically sanctioned via a "substitute return". In this case, after three months, the tax authorities may submit a proposal for a replacement return to the taxpayer. The taxpayer then has one month to respond to this proposal. If the return is not submitted within that period, the proposal of substitute return becomes final and the amount due must be paid immediately.

Based on the substitute return, the taxpayer will owe the highest amount due from box 71 of the past 12 months, with a minimum of 2,100 euros.

Effective date

These new regulations should take effect no later than Jan. 1, 2025. The original target date of Jan. 1, 2024, is a pipe dream, as IT systems cannot possibly be ready for these changes by that date. Therefore, a royal decree will effectively postpone the entry into force to Jan. 1, 2025.

Conclusion

With the transition to the provision account, the government is already promising a more efficient and sophisticated way to manage VAT payments and returns, which will (hopefully) benefit both taxpayers and the taxman. Wait and see.



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