

Special VAT regimes and Tax Category Codes in Belgium

Preamble

The TaxCategoryCodes (hereinafter TCC) are based on a code list of the United Nations: [UN Code List 5305 - Duty or tax or fee category code](#). However, EN16931 restricts which values may be used.

The following codes may NOT be used. However, the 2026 revision will allow these codes to be used for specific national schemes (including the margin scheme). The date of entry into force is yet to be determined.

- N - National schemes
- D - Travel agents
- F - Second hand goods
- I - Works of art
- J - Collector's items and antiques

This note specifies which tax category codes can best be used in a number of situations specific to Belgian VAT law. A summary of the current and future situation is provided.

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1. VAT margin scheme (second-hand goods, art, collector's items, travel agents)

Example

- Purchase value: € 200
- Sale value: € 300
- Profit margin: € 100
- VAT on profit margin (21%): = $100 \times 21/121 = € 17.36$
- Tax return: grid 00: € 200 | grid 03: € 82.64 | grid 54: € 17.36

Analysis

- The VAT margin scheme is an optional **special assessment method** in which VAT is calculated on the profit margin rather than on the full price. There should be no VAT on the invoice. This prevents the buyer from misinterpreting that VAT may be deducted. Therefore, the VAT due is not calculated on the invoice, but must be accounted for separately.
- The 'purchase value' does **not constitute an exempt transaction** within the meaning of the VAT Code (amounts included in grid 00).
- The **specific tax category** codes for margin schemes are currently not allowed.

Recommended TCC

- **E (Exempt)**: sales value (application 0% VAT: no mention of VAT on the invoice as prescribed) (therefore, the VAT due is not calculated on the invoice, but must be accounted for separately). (O - Not subject to VAT - prevents the VAT numbers of seller and buyer from being mentioned - validation rule BR-O-02 - and is not recommended for this reason)
- **Tax Exemption Reason**: 'Supply subject to the special scheme for taxing the profit margin. VAT not deductible.'

2. Recovered products under administrative tolerance (Circulars Nos. [120/1971](#) and [88/1970](#) - Sales in grid 00)

Analysis

- These are transactions for which VAT is not payable under administrative tolerance.
- There is no statutory 0% VAT rate applicable.

Recommended TCC

- **E (Exempt)** (O - Not subject to VAT - prevents the VAT numbers of seller and buyer from being mentioned - validation rule BR-O-02 - and is not recommended for this reason)
- **Tax Exemption Reason**: 'Recovered products. VAT not applied. Circular of 15 December 1970, No. 88 and of 30 July 1971, No. 120.'

3. Sale of manufactured tobacco (VAT paid through tax bands, include sales in grid 00, [KB13](#))

Analysis

- VAT is paid in advance through tax bands, which means that the supply is **not covered by the normal assessment scheme**.

Recommended TCC

- **E (Exempt)** (O - Not subject to VAT - prevents the VAT numbers of seller and buyer from being mentioned - validation rule BR-O-02 - and is not recommended for this reason)
- **Tax Exemption Reason: 'Manufactured tobacco: VAT paid at source and not deductible'**

4. Advance payments passed on to third parties (Article 28, 5° VAT Code)

Analysis

- These are amounts paid in advance that are not **part of the taxable amount**.
- Legally, these amounts are **not subject to VAT**.

Recommended TCC

- **E (Exempt)** (O - Not subject to VAT - prevents the VAT numbers of seller and buyer from being mentioned - validation rule BR-O-02 - and is not recommended for this reason)
- **Tax Exemption Reason: 'Advance payments passed on (Art. 28.5° VAT Code)'**

5. Use of code AE - reverse-charge system within Belgium

Application cases (non-exhaustive)

- Construction work (Article 20 RD No 1)
- Services and supplies by persons liable to tax not established in Belgium (Article 51, §2, 5° VAT Code)
- Supplies of gas and electricity (Article 51, §2, 6° VAT Code)
- Administratively accepted cases of the reverse-charge system

Analysis

- These are transactions that are **taxable in Belgium**, with the **customer being VAT debtor**.

Recommended TCC

- **AE (reverse-charge)**
- **Tax Exemption Reason: 'Reverse-charge system'**
- **Invoice Note: 'Reverse-charge system. In the absence of a written dispute within a period of one month from receipt of the invoice, the customer is deemed to acknowledge that they are a person liable to tax obliged to file periodic tax returns. If that condition is not fulfilled, the customer is liable in respect of that condition for the payment of the tax, interest and fines due.'**

6. Triangular transactions

Analysis

- Depending on the situation (simplified triangular transactions, Belgium as Member State 1, 2 or 3, to which supply the transport is attributed), the transaction can be either an **exempt intra-Community supply, or a local supply**¹.

Recommended TCC

- **If exempt IC supply: K (Intra-EU exempt)**
- **If local supply: AE (reverse-charge system)**

7. Meaning of 'Zero-rated' (Z) in Belgium

Analysis

- **Z** only applies when Belgian VAT legislation **explicitly provides for a 0% rate**. In Belgium, such 0% rates are rare (periodical publications, subject to conditions).
- Exemptions with the right to deduction (Articles 39-42 VAT Code) are **not 0% rates** and are not covered by Z.

Recommended TCC

- **Z** only at a statutory 0% rate

8. Meaning of 'Exempt' (E) in Belgium

Analysis

- **E** includes exempt transactions not subject to VAT for which **no specific TCC** exists.
- Exemptions:
 - Articles 44 and 44bis VAT Code → exemption without right to deduction
 - Articles 39-42 VAT Code → exemption with right to deduction, but these have a specific TCC **G** or **K**

Recommended TCC

- **E** for domestic exemptions not covered by G or K

Remark

- The list of exemption codes (VATEX) is not exhaustive. A list of BE-specific exemptions is being drawn up (supplemented by VATEX-EU).

¹ See VAT comment, Bookwork VI: Specific topics - Chapter 16. Specific topics - Section 9 - Intra-Community chain transactions and intra-Community triangular transactions

Summary current situation

Cod e	Use
S	Domestic supplies/services at 21%, 12% or 6%
Z	Actual statutory 0% rate (periodical publications subject to conditions)
AE	Local reverse-charge system
K	Intra-Community supplies and services
G	Export outside the EU
E	Domestic VAT exemptions and other special regimes (pending extension of the code list)
O	Transactions not subject to VAT, but BR-O-02 prevents the VAT numbers of seller and buyer from being mentioned - and is not recommended for this reason) This validation rule will be abolished in the revision of EN16931.

Summary future situation (date to be determined)

Cod e	Use
S	Domestic supplies/services at 21%, 12% or 6%
Z	Actual statutory 0% rate (periodical publications subject to conditions)
AE	Local reverse-charge system
K	Intra-Community supplies and services
G	Export outside the EU
E	Domestic VAT exemptions
O	Transactions not subject to VAT
N	National schemes (recovered products, manufactured tobacco, etc.)
D	Travel agents margin scheme
I	Second-hand goods margin scheme
F	Works of art margin scheme
J	Collectors' items and antiques margin scheme