



RSM InterTax Tax Insights March 2020

Corona: events and VAT recovery

RSM BELGIUM INFORMS YOU

Every day lots of events are being cancelled or postponed across the world, due to the spread of COVID-19 virus. For the organisers, the cancellation of an event means a financial setback, so it might be worth for them to try and recover VAT wherever possible.

The VAT legislation provides the possibility to reclaim VAT under certain circumstances, depending on the situation and the fulfillment of some formalities. These formalities need to be carefully complied with, as they often lead to discussions during VAT audits.

Below you can find an overview of some common situations and their possible VAT impact from a Belgian perspective. We always assume that clients have already paid the ticket or admission price, and that the VAT due on this amount is already paid to the Belgian State.

SCENARIO	VAT CONSEQUENCES	FORMALITIES
Cancellation of an event – client gets refunded	<ul style="list-style-type: none">- In case of a full reimbursement of the ticket or admission price to the client, you can reclaim the VAT already paid to the VAT Authorities.	<ul style="list-style-type: none">- In case an invoice was initially issued: <u>issue</u> a corrective document mentioning the data determining the refund and the following statement: “VAT to be refunded to the State insofar the VAT was initially deducted”.- In case no invoice was initially issued (since it was not required): draft a corrective document (<u>but not to be provided to the client</u>). Also, evidence of reimbursement of the VAT needs to be retained.- Report the corrective document in the refund register.- Recover the VAT via box 64 of the VAT return.

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SCENARIO	VAT CONSEQUENCES	FORMALITIES
Cancellation of an event – client gets refunded or gets partially refunded	<ul style="list-style-type: none"> - In case the price is not or only partly refunded to the client but is withheld as a compensation for the cancellation or as indemnification, there was in principle no VAT due on this amount. The VAT can be recovered to the extent that the VAT is refunded to the client. 	<ul style="list-style-type: none"> - In case you wish to ask for a VAT refund, the formalities described under “Cancellation of an event – client gets refunded” need to be met. - In addition, the VAT amount needs to be refunded to the client (if relevant, increased with the part of the price which is also refunded).
Cancellation of an event – client gets a voucher in return	<ul style="list-style-type: none"> - In this case, no reimbursement will take place, but the client gets a voucher which he can use later on. - Depending on type of voucher, the VAT treatment will differ: <ul style="list-style-type: none"> o Voucher entitles to a certain kind of service (for example admission to an event): in that case, the VAT cannot be recovered o When the voucher can be exchanged for various services or goods (i.e. a multi-purpose voucher), VAT is due at the moment of exchange of the voucher. In that case, the VAT can be recovered to the extent that the VAT is refunded to the client. 	<ul style="list-style-type: none"> - When you wish to recover VAT for having issued a multi-purpose voucher, the formalities described under “Cancellation of an event – client gets refunded” need to be met. - In addition, the VAT amount needs to be refunded to the client.
Event is postponed	<ul style="list-style-type: none"> - In case the event is postponed, likely no reimbursement will take place. Consequently, no VAT can be recovered. 	<ul style="list-style-type: none"> - Not applicable.

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SCENARIO	VAT CONSEQUENCES	FORMALITIES
Event took/takes place, but clients can opt to cancel their reservation	<ul style="list-style-type: none"> - In case of a full reimbursement of the ticket or admission price, VAT can in principle still be recovered. - When the clients are not reimbursed, you will probably not be able to recover the VAT (case-by-case assessment). 	<ul style="list-style-type: none"> - In case of a full reimbursement of the ticket or admission price, the formalities described under “Cancellation of an event – client gets refunded” need to be met. - In case of non-reimbursement, no formalities need to be met, when no VAT is reclaimed.

If you would like to receive additional information on this matter or VAT assistance, the tax team of RSM Belgium is at your disposal (intertax@rsmbelgium.be).

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