

CJEU rules on VAT treatment of bitcoins

The exchange of traditional currency for units of bitcoin, and vice-versa, is exempt from VAT

The Court of Justice of the European Union (CJEU) issued a decision on 22 October 2015, in the Swedish case of Skatteverket v David Hedqvist (case C-264/14), concluding that no VAT is due on the exchange of a "traditional" currency into "bitcoin" (and vice versa), which means that bitcoin receives the same VAT treatment as real currency, i.e. a VAT exemption. The CJEU held that, although services providing for the exchange of traditional currency with bitcoin constitute a supply of services for consideration, these services are exempt from VAT under the EU VAT directive provision that requires member states to grant a VAT exemption for financial transactions involving "currency, bank notes and coins used as legal tender."

Bitcoin is a virtual currency that may be used for payments when purchasing items online.

According to the CJEU, transactions involving nontraditional currencies should be considered VAT- exempt financial transactions to the extent such currencies have been accepted by the parties to a transaction as an alternative to legal tender and have no purpose other than to serve as a means of payment. To interpret article 135(1)(e) of the VAT directive as covering only transactions involving traditional currencies would deprive it of part of its effect. On this basis, the CJEU concluded that the VAT exemption under the directive covers the supply of services consisting of the exchange of traditional currencies for units of bitcoin virtual currency, and vice versa.

Diese Mandanteninformation enthält ausschließlich allgemeine Informationen, die nicht geeignet sind, den besonderen Umständen eines Einzelfalles gerecht zu werden. Sie hat nicht den Sinn, Grundlage für wirtschaftliche oder sonstige Entscheidungen jedweder Art zu sein. Sie stellt keine Beratung, Auskunft oder ein rechtsverbindliches Angebot dar und ist auch nicht geeignet, eine persönliche Beratung zu ersetzen. Sollte jemand Entscheidungen jedweder Art auf Inhalte dieser Mandanteninformation oder Teile davon stützen, handelt dieser ausschließlich auf eigenes Risiko. Deloitte GmbH übernimmt keinerlei Garantie oder Gewährleistung noch haftet sie in irgendeiner anderen Weise für den Inhalt dieser Mandanteninformation. Aus diesem Grunde empfehlen wir stets, eine persönliche Beratung einzuholen.

This client information exclusively contains general information not suitable for addressing the particular circumstances of any individual case. Its purpose is not to be used as a basis for commercial decisions or decisions of any other kind. This client information does neither constitute any advice nor any legally binding information or offer and shall not be deemed suitable for substituting personal advice under any circumstances. Should you base decisions of any kind on the contents of this client information or extracts therefrom, you act solely at your own risk. Deloitte GmbH will not assume any guarantee nor warranty and will not be liable in any other form for the content of this client information. Therefore, we always recommend to obtain personal advice.