

# Eu court to exempt bitcoin from vat



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EU Court Advocate General proposes to exempt cryptocurrencies from VAT.

Three years ago, David Hedqvist, a Swedish software developer asked a question to European Union if the transactions of bitcoin were exempt from VAT or not.

At last after three years European Union has finally a stance on this question.

The Advocate General of the European Court of Justice, Juliane Kokott stated in an opinion document that was published yesterday, that all the bitcoin operations should be exempt from Value Added Tax (VAT).

Last year in April, Spain celebrated after the Spanish tax office announced that no VAT will be imposed on bitcoin or any other cryptocurrency.

The report states, “ A conversion of a pure means of payment in legal tender and the reverse exchange, for each compensation is payable, which reckons the provider of this service in the fixing of exchange rates, 2 is a service for consideration within the meaning of Art. Section. 1 literally. c of the VAT Directive.”

Previously in the document, it was stated that why the transactions do not fall under the existing exemptions that includes Section 1, Paragraph 135, sections D and E,

“ Member States shall exempt the following [...] (d) transactions including negotiation, concerning deposit and current accounts, payments, transfers, debts, cheques and other negotiable instruments, but excluding debt collection.

[...] (e) transactions, including negotiation, concerning currency, bank notes and coins used as legal tender, with the exception of collectors' items, that is to say, gold, silver or other metal coins or bank notes which are not normally used as legal tender or coins of numismatic interest."

Even though there is no official statement, but the institution generally follows the advice of it's Advocate General.

Soon, European Union will follow the footsteps of United Kingdom, which has already exempted VAT from cryptocurrency and treat it as a foreign currency.

The UK allows the businesses to accept any currency as payment option but VAT must be calculated correctly in the local, national currency.

Hedqvist expresses to the statement of Advocate General,

" I would be very happy if there was a judgment in our favor. It would have been fun to have contributed in some way."

He further explained, " It is important for them [bitcoin companies] because it applies to their commission as shifting business to be subject to VAT.

It is also important for Bitcoin from broader perspective, if it is to be equated with other currencies, although this only concerns the VAT bit."

By Ines Deas