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# Germany Won't Tax You for Buying Coffee With Bitcoin



1,134



1,018



Nikhilesh De

Feb 28, 2018 at 22:00 UTC | Updated Mar 1, 2018 at 12:57 UTC

NEWS

Germany won't tax bitcoin users for using the cryptocurrency as a means of payment, the Ministry of Finance has said.

The guidance, published Tuesday, sets Germany apart from the U.S., where the Internal Revenue Service treats bitcoin as property for tax purposes - which means that if an American buys a cup of coffee with bitcoin, it's technically considered a sale of property and potentially [subject to capital gains tax](#).

Instead, Germany will regard bitcoin as the equivalent to legal tender for tax purposes when used as a means of payment, according to a new document.

The Bundesministerium der Finanzen based its guidance on a 2015 European Union Court of Justice ruling on [value added taxes](#) (VAT).

The court ruling creates a precedent for European Union nations to tax bitcoin while providing exemptions for certain types of transactions.

Notably, the new German document justified its tax decisions by regarding cryptocurrencies a legal method for payment, stating:

*"Virtual currencies (cryptocurrencies, e.g., Bitcoin) become the equivalent to legal means of payment, insofar as these so-called virtual currencies of those involved in*

Bitcoin \$10.3

Ethereum \$8

Bitcoin Cash \$1.2

Litecoin \$

XRP \$0

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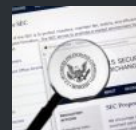
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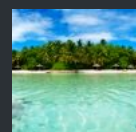
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*the transaction as an alternative contractual and immediate means of payment have been accepted."*

For tax purposes, this means that converting bitcoin into a fiat currency or vice versa is "a taxable miscellaneous benefit." When a buyer of goods pays with bitcoin, an article of the EU's [VAT Directive](#) will be applied to the price of bitcoin at the time of the transaction, as documented by the seller, according to the document.

However, as per the EU ruling, the actual act of converting a cryptocurrency to fiat or vice versa is classified as a "supply of services," and therefore a party acting as an intermediary for the exchange will not be taxed.

Payment fees sent to digital wallet providers or other services can likewise also be taxed, according to the document.

Other aspects of the cryptocurrency ecosystem will not be taxed. Miners who receive block rewards will not be taxed, as their services are considered to be voluntary, according to the document.

Similarly, exchange operators that buy or sell bitcoin in their own name as an intermediary will receive a tax exemption, though an exchange operating as a technical marketplace will not receive any such exemption.

[2018 02 27 Umsatzsteuerliche Behandlung Von Bitcoin Und Anderen Sog Virtuellen Waehrungen](#) by [CoinDesk](#) on Scribd



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DATUM 27. Februar 2018

#### **- E-Mail-Verteiler U 1 -**

BETREFF **Umsatzsteuerliche Behandlung von Bitcoin und anderen sog. virtuellen Währungen;  
EuGH-Urteil vom 22. Oktober 2015, C-264/14, Hedqvist**

GZ **III C 3 - S 7160-b/13/10001**  
DOK **2018/0163969**

(bei Antwort bitte GZ und DOK angeben)

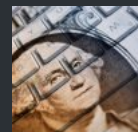
Mit Urteil vom 22. Oktober 2015 hat der EuGH entschieden, dass es sich bei dem Umtausch konventioneller Währungen in Einheiten der sog. virtuellen Währung Bitcoin und umgekehrt um eine Dienstleistung gegen Entgelt i. S. d. Art. 2 Abs. 1 Buchst. c MwStSysRL handelt, die unter die Steuerbefreiung nach Art. 135 Abs. 1 Buchst. e MwStSysRL fällt.

Daneben können den Urteilsgrundsätzen auch generelle Ausführungen zur umsatzsteuerrechtlichen Behandlung von sog. virtuellen Währungen entnommen werden, die wie der Bitcoin als *virtuelle* unmittelbare Zahlungsmittel zwischen Wirtschaftsteilnehmern

**Editor's note:** Statements in this article were translated from German.

[German Ministry of Finance](#) flags image via Shutterstock

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Ana Kris · 16 hours ago

This is amazing! I hope some countries will do this also

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ShigeYamakata · 3 hours ago

This is not true. it's about free from sales tax, not income tax. The document which german authority issued is only about VAT.

^ | ▾ · Reply · Share ›



RBSCebu · 10 hours ago

Singapore also does not tax purchases made with crypto-currencies (other than their normal VAT).

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Kk Mm · 15 hours ago

Does it mean trading is taxable, but using it to buy things is not taxable. right?

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brembo · 19 hours ago

So only payment but trading still taxable?

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Why can't the US come up with similar accommodations for an entire new generation of crypto-active citizens? Instead, we get a bunch of saber rattling from regulators.

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Wow, amazing news!

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