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By PwC Deutschland | 12 December 2013

Changeover rules for margin taxation

The finance ministry has issued a decree to simplify the recording requirements for postage stamp and coin dealers changing to the margin taxation scheme in 2014.

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The margin scheme for dealers in collectors' pieces and other used items allows them to charge their gross margin to standard rate VAT and to ignore the input tax actually borne. However, many dealers in antiques and other collectors' pieces opted for mainstream taxation, given that many, if not all, of their sales would then only be chargeable to reduced rate VAT. However, the VAT Act was amended in June 2013 to reduce the application of the reduced rate to sales by dealers of items of philatelic and numismatic interest. The finance ministry therefore expects many dealers to adopt the margin scheme as of January 1, 2014 and has now issued a decree to ease the changeover.

Dealers and auctioneers of collectors' pieces who wish to change to the margin scheme for 2014 are entitled to assume that 60% (by number) of all items on hand at December 31, 2013 qualify. The items must then be selected (arbitrarily) and recorded. The remaining 40% of items on stock must also be recorded. Sales of these items will be taxed under the standard system. Sales of the "margin scheme items" will be taxed on a margin of 30%. These rules for administrative convenience are intended to run until the end of 2016. Later sales of items brought forward from December 31, 2013 will be taxed under the standard rules for margin taxation, that is the dealer will be required to establish the actual margin (based on his original purchase price) and to show that no VAT was charged on the purchase other than under the margin scheme.

Keywords

coin, collector, margin taxation, stamp