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By PwC Deutschland | 10 March 2026

ECJ: No VAT exemption for exchange of virtual currency from online video games in traditional currencies

In a most current judgment, the European Court of Justice - following a request for a preliminary ruling from the Republic of Lithuania - decided that transactions involving the exchange of currency for virtual money in an online game do not meet the criteria for VAT exemption under Article 135 (1) Letter e of the VAT Directive. The court further emphasized that gold does not constitute a “voucher” and that therefore the entire proceeds from the sale is subject to VAT.

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Background

In the present case, the ECJ has had the opportunity to deal with the way in which an entirely new form of gold trading is considered for VAT purposes. A taxable person has managed to ‘turn to gold’ a ‘currency’ designed for an online computer game, in-game Gold, outside the game by purchasing it from players and reselling it to other players. The resulting transactions were not insignificant; however, VAT was forgotten.

The Tax Disputes Commission under the Government of the Republic of Lithuania would therefore like to know from the ECJ:

(1) If the sale of “Gold” from the game “Runescape” falls within the scope of the exempt transactions set out in Article 135 (1) Letter e of the VAT Directive. (2) If the answer to this question is in the negative, what should be the taxable value of in-game Gold according to the provisions of the VAT Directive?

At the same time, the interesting question arises whether **the application of the ‘margin scheme’**, which covers only trade in second-hand goods, can still in reality be contingent on the historical differentiation between the supply of goods and the supply of services if, as a result of technological developments, services are now also traded in the same way as goods. That applies to objects in a computer game (which, from a VAT perspective, are electronic services) as well as, for example, trading in electronic works of art using non-fungible tokens (NFTs).

‘In-game Gold’ exempt from VAT as “currency turnover” or subject to margin taxation?

The taxable person is trying to convince the tax authority either to consider its ‘gold trading’ – which comprises the purchase and sale of electronic services – an exempt ‘currency transaction’ or at least to consider ‘in-game Gold’ as a multi-purpose voucher. If the latter were the case, tax consequences would arise only when in-game Gold is redeemed in the game. In any event, only the profit margin, as remuneration for the ‘exchange of currencies’, would have to be taxed.

In her opinion, Advocate General Juliane Kokott saw no possibility for VAT exemption but at least considered the application of margin taxation.

ECJ decision

The ECJ has clearly rejected the taxpayer’s interpretation attempts and decided against the arguments brought forth.

1) Transactions consisting in the exchange, for payment purposes, of real currency for units of virtual money that can be used only in an online video game are **not covered by the VAT exemption** laid down in Article 135 (1) Letter e of the VAT Directive.

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2) Units of virtual money that can be used only in an online video game, where they give access to certain functionalities within that game, **do not fall within the scope of the concept of a 'voucher' laid down in Article 30a of the VAT Directive**, in particular that of a 'multi-purpose voucher'. As a result, VAT must be levied on those transactions in in full and accordance with the general rule laid down in Article 73 of the VAT Directive (i. e., everything which constitutes consideration obtained or to be obtained by the supplier, in return for the supply).

No VAT exemption as 'currency, bank notes and coins used as legal tender'

The exemption referred to in Article 135 (1) Letter e VAT Directive cover transactions in non-traditional currencies, where **two cumulative conditions** are satisfied, namely, **first**, that those currencies have been accepted by the parties to a transaction as an alternative to legal tender and, **secondly**, that those currencies have no purpose other than to be a means of payment.

While the first condition could be met, this is not true for the second condition: 'Gold' has no purpose other than to be used within an online video game and it does not therefore constitute a currency accepted outside that game as a means of payment in order to obtain real goods or services. In addition, that finding appears to be supported by the fact that the conditions of use of that game provide, in essence, that the products linked to that game, including 'Gold', do not belong to the players.

Consequently, transactions for the purchase and sale of 'Gold' cannot be exempt from VAT under Article 135 (1) Letter e of the VAT Directive.

Gold' not as multi-purpose voucher within the meaning of Article 30a No. 3 VAT Directive

First, the voucher must be an instrument in which there is an obligation to accept it as consideration or part consideration for a supply of goods or services. **Secondly**, the goods or services to be supplied or the identities of their potential suppliers must be either indicated on the instrument itself or in related documentation, including the terms and conditions of use of that instrument.

Even if the second of those conditions were satisfied, it does not appear that 'Gold' satisfies the first condition. Since it constitutes one of the elements of an online game, 'Gold' is in itself akin to an electronic service forming an integral part of that game. In that regard, it appears that transactions with 'Gold', as carried out in the present case, constitutes the consumable benefit only in this context, that is to say the service received by the beneficiary and used as such by the latter in the online video game. Accordingly, 'Gold' does not serve, like a voucher, to procure a subsequent consumable benefit in the form of another as yet unspecified service.

It follows that, since 'Gold' must be classified as an electronic service, the taxable

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amount of transactions must be the full consideration received for its sale, in accordance with the general rule laid down in Article 73 of the VAT Directive.

Source

EuGH-Urteil vom 5. März 2026 in der Rechtssache **C?472/24** *MB „Žaidim? valiuta“*.

Keywords

online game, virtual game