



Euporos SA
Avenue de la gare 5, 1950 Sion (Switzerland)
0041 275 66 66 66 (local rate)
www.euporos.ch

VAT on gold and silver in Switzerland and the EU

© Euporos SA Notice regarding value added tax (VAT) on gold and silver in Switzerland and the European Union.¹ For other geographic regions, contact the tax authorities in your country.

Summary

The law in Switzerland and the European Union (including France) is the same:

- 1. Investment gold is exempt from VAT.**
- 2. Silver is subject to VAT, regardless whether in the form of ingots or coins. Even silver coins that are legal tender are subject to VAT because they are not *normally* used as a method of payment.**

1. Exemption for investment gold

a. Switzerland

"1. The following transactions are exempt from VAT:

¹ This notice reflects the position on 5 September 2013, and offers no guarantee on our part concerning the future, as tax laws may subsequently change.

- a. coins of, or issued by, sovereign entities, numbers 7118.9010 and 9705.0000 of the Customs Tariff;
 - b. bank gold as defined in art. 178, par. 2, point a, and 3, of the Order of 8 May 1934 on the control of precious metals;
 - c. bank gold in the form of pellets with a content of at least 995 thousandths packed and sealed by a recognised Assayer and Melter or in any other form approved by the Swiss Federal Department of Finance (*Département fédéral des finances / DFF*) with a content of at least 995 thousandths;
 - d. gold in ore or partly-processed form intended for refining or recovery;
 - e. gold in the form of waste or tailings.
2. Also regarded as being gold in the sense of art. 1, point d and e, are alloys that contain by weight 2% or more of gold or, if also containing platinum, contain more gold than platinum" (article 44 of the Order governing the taxation of added value of 27 November 2009, specifying the provisions of article 107 paragraph 2 of the VAT Act).

b. European Union

Article 344 of the European Directive above, defines the expression "investment gold" as referring to physical metal.

" 1. For the purposes of this Directive, and without prejudice to other Community provisions, 'investment gold' shall mean:

- 1) gold, in the form of a bar or a wafer of weights accepted by the bullion markets, of a purity equal to or greater than 995 thousandths, whether or not represented by securities;
 - 2) gold coins of a purity equal to or greater than 900 thousandths and minted after 1800, which are or have been legal tender in the country of origin, and are normally sold at a price which does not exceed the open market value of the gold contained in the coins by more than 80%;
2. Member States may exclude from this special scheme small bars or wafers of a weight of 1 g or less.
3. For the purposes of this Directive, the coins referred to in point (2) of paragraph 1 shall not be regarded as sold for numismatic interest."

Article 346 of the same Directive exempts investment gold in physical form (ingots and coins); it also exempts transactions on paper, i.e., purely virtual (supposed) "metal" in the form of a (supposed) receivable corresponding to an asset on a metal account, or upward or downward speculation via futures contracts:

"Member States shall exempt from VAT the supply, the intra-Community acquisition and the importation of investment gold, including investment gold represented by certificates for allocated or unallocated gold or traded on gold accounts and including, in particular, gold loans and swaps, involving a right of ownership or claim in respect of investment gold, as well as transactions concerning investment gold involving futures and forward contracts leading to a transfer of right of ownership or claim in respect of investment gold." (article 346 of Directive 2006/112/EC of the Council of the European Union of 28 November 2006 on the common system of value added tax)

2. Taxation of silver

a. Switzerland

Silver is a commodity subject to VAT, regardless of form (ingots or coins).

It is true that transactions settled in legal tender (currency notes and coins) are in principle exempt, but there is a single exception to this rule: if the coin is not *normally* used for payment, it is taxable. For example, even though the silver Maple Leaf is legal tender of five Canadian dollars, it is not generally used to pay the grocer, but is purchased and kept for investment purposes, and so is not *normally* used as legal tender.

"2. The following are exempt from taxation: [...] d. Transactions settled in legal tender (Swiss and foreign notes such as currency, bank notes and coins), including their trading; however, numismatic items (notes and coins) that are not normally used as legal tender are taxable" (article 21 paragraph 2 letter 19 letter d of the Swiss Federal Law governing value added tax of 12 June 2009).

b. European Union

Silver metal is taxable, even in the form of silver coins² possessing a legal value as they are not *normally* used as a payment method.

"1. Member States shall exempt the following transactions: [...] 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" (article 135.1(e) of Directive 2006/112/EC of the Council of the European Union of 28 November 2006 on the common system of value added tax).

c. France

Euporos SA posed a question in writing to the French tax authorities. The tax authorities replied with a "rescrit" (written ruling) which sets out the rule for all merchants carrying on their business in France or who export to France from another country: not only silver ingots but also silver coins with a legal value are subject to VAT. The rescrit is shown below, dated 29 March 2012.

² Gold coins, however, can be considered "investment gold" exempt from VAT, provided they meet the conditions in article 344, reproduced above in point 1 of this Euporos SA Notice.



**DIRECTION GENERALE DES FINANCES
PUBLIQUES DIRECTION DE LA LEGISLATION
FISCALE Sous-Direction D - Bureau DI**

PARIS, 29 MARCH 2012

139, RUE DE BERCY
TELEDOC 644
75572 PARIS CEDEX 12

Case officers: Rémy PEUCHAUD and Arnaud BOURGOIN

remy.peuchaud@dgfip.finances.gouv.fr

amaud.bourgoinedgfp.finances.gouv.fr

Telephone: 01.53.18.91.88

Fax: 01.53.18.35.02

Ref: SEC-D1/1100022694.DOC/D1-B

Dear Sir,

With reference to the rules applicable to the taxation of added value (VAT) on delivery in France of refined silver coins used as legal payment by a supplier based in Switzerland, irrespective of whether it reflects an importation into France or a domestic sale:

The coins affected are the US 1-dollar "Silver Eagle", the Canadian 5-dollar "Maple Leaf", the Austrian 1.50-euro "Philharmoniker" and the Andorran 1-diner coin.

The applicable VAT rules distinguish between transactions on currency coins, which are legal tender, and transactions on numismatic coins.

Transactions on coins that are legal tender are exempt from VAT under article 261 C.1(d) of the French General Tax Code (*Code général des impôts / CGI*).

In contrast, transactions on numismatic coins are subject to VAT under the combined provisions of article 256.I and IV.2 of the General Tax Code. Considered to be "numismatic" are gold coins or other coins consisting of investment gold, silver or another metal, when they are not normally used in practice as legal tender, even when they in principle remain legally usable as tender, or when they have numismatic value.¹

¹ See the instruction of 10 December 2008 published in the official tax bulletin under reference 3 K-2-08.

Louis SCHNEIDER
Administrator
EUPOROS SA
108, rue de Lausanne
CH-1950 SION (SWITZERLAND)



In this particular case, the refined silver coins being considered for delivery, are neither legal tender (Andorran 1-diner) nor legal tender but not normally used for legal payment due to their actual value being higher than their face value (US 1-dollar “Silver Eagle”, Canadian 5-dollar “Maple Leaf”, and Austrian 1.50-euro “Philharmoniker”).

Consequently, such refined silver coins constitute numismatic coins whose delivery is subject to VAT.

Article 297 A.I.2 of the French General Tax Code states that the taxable base, on deliveries by a taxable trader of numismatic items delivered to him by a person not subject to VAT or by a person not authorised to invoice VAT on that delivery, consists of the difference between the sale price and purchase price.

Accordingly, the purchase of silver coins, subject to VAT, is taxed on the margin when transacted by a taxable trader who has acquired them from a private individual or from another taxable trader, or is taxed on the total sale price in other cases.

Your sincerely,

Deputy Director
Antoine Magnant