



Federal Ministry of Finance limits the application of the reduced VAT rate on precious and base metal coins

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1 Background

As of 1 January 2025, the legislator (re)introduced the reduced VAT rate in sec. 12 para 2 No. 1 of the German VAT Act (UStG) on the supply, intra-Community acquisition and importation of works of art and collectors' items (cf. KMLZ VAT Newsletter 52 | 2024). The German Federal Ministry of Finance (BMF) is now restricting the application of the reduced VAT rate to coins made of precious metals and base metals with the circular dated 18 December 2025 and the associated repeal of the earlier circular dated 7 January 2005.

2 Changes due to the BMF circular dated 18 December 2025

In its letter of 18 December 2025, the BMF amended the scope of application of coins that may be collectors' items of numismatic value (see Annex 2 no. 54 letter c) UStG) to which the reduced VAT rate is applicable. From now on, coins made of precious metals under no. 54 letter c) subletter cc) only include "coins made of precious metals (gold, platinum and silver) that are no longer legal tender (coins that have been taken out of circulation and official reissues or new issues of such coins) and for which the VAT exemption under sec. 25c UStG (VAT on sales of investment gold) does not apply". Legal tender coins made of precious metals are no longer covered by the reduced VAT rate. Legal tender (commemorative) coins "that were produced for commercial purposes to commemorate, celebrate, illustrate or represent events or other occasions" are also no longer eligible for the reduced VAT rate, even if the number or circulation of the coins was limited. As a counter-exception, however, the reduced VAT rate may be applicable to these coins if they have gained significance due to their age or rarity. The circular dated 18 December 2025 applies to all transactions from 1 January 2025 onwards.



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3 Repeal of the BMF circular dated 7 January 2005 and non-objection rule until 31 December 2025

The BMF circular dated 18 December 2025 repeals the BMF's earlier circular of 7 January 2005. This means that the simplification rule for base metal coins, according to which the reduced VAT rate could always be claimed for VAT-liable transactions involving coins made of base metals that were either legal tender or not legal tender, no longer applies. Instead, due to the non-objection rule in place until 31 December 2025, it must now be positively determined from 1 January 2026 onwards that the particular coin is a collector's item of numismatic value.

4 Consequences for the Practice

The application of the reduced VAT rate to transactions involving coins is therefore as follows:

	Legal tender coins made of precious metals	Non-legal tender coins made of precious metals	Coins made of base metals
Regulation until 31 December 2024 (coins made of precious metals) or until 17 December 2025 (coins made of base metals)	Reduced VAT rate applicable if the coins are sold for their collector's value and are therefore excluded from the VAT exemption under sec. 4 No. 8 letter b) of the German VAT Act (UStG) or are not eligible for the VAT exemption under sec. 25c UStG		Simplification rule: reduced VAT rate always applicable for VAT-liable transactions involving coins made of base metals that are legal tender or no legal tender (non-objection rule until 31 December 2025)
Regulation from 1 January 2025 (coins made of precious metals) and from 1 January 2026 (coins made of base metals)	In general: reduced VAT rate not applicable; reduced VAT rate also not applicable for commemorative coins produced for commercial purposes, unless they have gained significance due to their age or rarity	Application of the reduced VAT rate possible if VAT exemption under sec. 25c of the German VAT Act (UStG) does not apply (case-by-case assessment required)	Application of the reduced VAT rate only to collectors' items of numismatic value (case-by-case assessment required)

In practice, the individual assessment of whether a coin meets the criteria of a collector's item is becoming increasingly important for coins made of both precious and base metals. According to the BMF's definition, collector's items in this sense are objects that often have only a relatively low material value but are of interest because of their rarity, composition or presentation. The BMF bases this definition on the ECJ rulings of 10 October 1985, 200/84, and 3 December 1998, C-259/97, according to which collectibles are items that are relatively rare, are not normally used for their original purpose, are the subject of specialised trade and have a high value. This definition leaves room for interpretation. For coin traders, the changes resulting from the BMF letter bring with them uncertainties and an immense amount of work; the boundaries between eligible and ineligible coin sales are likely to be fluid. Tax offices could assess the characteristics of collectors' items differently in individual cases and refuse to apply the reduced VAT rate. In the case of coins made of precious metals, in addition to checking whether the requirements of collectors' items are met, the 250% limit must also be checked. Coin traders are well advised to consult an expert while checking the requirements and to document in detail why the requirements are met.