

**Priority question for written answer P-000377/2023
to the Commission**

Rule 138

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Subject: EU VAT rules for virtual products (skins) in video games and non-fungible tokens (NFTs)
– the risk of losing European industry due to outdated VAT rules

E-sport is a fast growing sector and important part of life for many young Europeans. In many video games, users purchase, sell or trade virtual accessories and decorative items for their online characters, also called skins, in exchange for virtual coins or real currency.

Unfortunately, some young gamers are subject to unreasonable taxes when selling these virtual accessories online. On several occasions in Denmark, users have been obliged to pay value added tax (VAT) for both the accumulated value of the skins and the profit they gain when they sell them. This is different from the sale of used items in real life, where VAT is only payable for the profit made. According to the Danish tax authorities; the reason is that virtual accessories, such as skins, are considered a service and not an item under EU tax law. This might also have consequences for non-fungible tokens (NFTs) in the future.

1. Why does current VAT legislation differentiate between virtual items and real physical items when these are sold?
2. How could current VAT rules affect the short- and long-term market for non-fungible tokens in the EU?
3. What solutions would the Commission consider for updating EU legislation to ensure fairness and similar rules for virtual and physical items, including NFTs?

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