

Presented by:

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NV127: Cryptocurrency and Tax

In this episode, we discuss cryptocurrency and tax.

Key Dates:

- 28th Jan – December SG
- 28th Feb – December BAS

Cryptocurrencies

- Form of payment that can be exchanged online for goods and services
- You need to exchange real currency for the cryptocurrency
- Currency of the future
- ATO is working hard to make aware of tax implications of investing in crypto currencies
- Very popular lately with large gains made
- Over 600k taxpayers invested in Crypto in recent years and many failed to declare capital gains
- Technology is new for crypto, but underlying tax laws that it falls under are well established under capital gains provisions
- Over 20-21 year Bitcoin alone increased 250%
- If bought at low and sold at peak in 2021 600% gains
- There are many more similar currencies now available to invest in that increased by more
- Cryptocurrencies are treated in the same way as gains from other investments, such as listed shares
- If you sell or exchange one crypto currency for another, the transaction is subject to CGT and must be reported in your tax return
- ATO is concerned that many taxpayers believe they are CGT free or only reportable when cashed back into Aus \$
- ATO has data matching program that now can track crypto since early 2019.
- Service providers give info to ATO based on TFN etc.
- They get info on purchases, sales and transfers
- They can also get info from international jurisdictions eg US
- ATO is already sending letters to taxpayers they believe should review their lodged return
- If conducting a crypto 'trading business', then ordinary income rules would apply. That is value of cryptos at 30.6 would be trading stock.
- Proceeds are income and cost of acquiring is deduction.

- Characteristics of business - profit intention, repeat activity, activity planned and carried out in business like manner, size and scale
- Also a warning of scams which have exploded during pandemic
- Calls and fake platforms
- Aust is supporting world wide work on cryptos to make them more transparent
- Better reports, clearer owner ID
- Uniform treatment worldwide

ATO is trying to create awareness around the tax consequences of investing in cryptocurrencies, which have grown in popularity in the last few years. The ATO has seen via their data matching that a lot of investors are not including trades in their tax returns. If you are invested or are interested in investing in cryptos but are unsure of your tax position, we can help. We are always happy to discuss any of these issues further. If you would like to speak to us, contact us via our website www.buscgroup.com.au and contact us.