

Tax Treatment of Crypto Assets

What are crypto assets?

They are a digital representation of value that can be transferred, stored, or traded electronically (including non-fungible tokens (NFTs)). They are a subset of digital assets that use cryptography to protect digital data which may run on their own blockchain or through a platform such as Ethereum. Common crypto assets include cryptocurrency coins such as bitcoin as well as tokens & NFTs. The ATO treat crypto as property which is subject to capital gains tax as well as income tax.

Income from crypto assets

Income received from mining, staking or airdrops is taxable & must be reported in your tax return.

When does capital gains tax apply to crypto assets?

A capital gains tax event happens when you dispose of a crypto asset including when you:

- Sell a crypto asset
- Trade, exchange or swap one crypto asset for another
- Convert a crypto asset to a foreign currency
- Purchase goods or services with a crypto asset
- Gift a crypto asset

If you hold your crypto for at least twelve months before making a disposal, you will be eligible for a 50% discount on any capital gain.

How do I get a capital gains report for my accountant?

You will need to sync your wallets, exchanges & blockchains you use via API or by uploading a CSV file to a crypto tax software to generate a tax report. The providers will charge you a fee for this report which can be deducted in the following tax year. We recommend using either of the following:

<https://koinly.io/au/> (Koinly)

https://cryptotaxcalculator.io/au (Crypto Tax Calculator)