**RESEARCH REVEALS NEW CRYPTO TAX REGIMES WILL HELP ‘FURTHER LEGITIMISE INDUSTRY’**

* **But tax changes could hurt growth and crypto needs its own tax regime**
* **Main areas tax authorities should focus on should be which exchanges of crypto and digital assets constitute taxable events, and then the classification of crypto and digital assets for tax purposes**
* **Switzerland and Singapore are seen as the countries with the most advanced laws on digital assets**

New research\* from Global Digital Finance (GDF), the cryptoassets and digital finance industry membership body, shows strong support for the introduction of new tax regimes for crypto and digital assets but also worries about the potential impact.

Its study among 22 tax and legal professionals specialising in crypto and digital assets found 11 agree and eight strongly agree that the introduction of new tax regimes will further legitimise the industry.

However, there are concerns that tax changes will not be entirely positive - nine of the 22 surveyed believe changes will hinder the growth of the nascent industry while eight disagree and five expressed no opinion.

There is a split in opinion among tax and legal professionals over whether crypto and digital assets should be treated differently to other asset classes, with 11 of the 22 agreeing they should be subject to their own distinct tax regime. Some 14 professionals interviewed call for consistency on the classification of tax treatment for crypto and digital assets with the classification by other regulatory agencies (e.g. agencies governing securities, commodities and financial instruments).

There was however near total unanimity that new tax changes concerning crypto and digital assets are coming – 19 of those surveyed expect the level of new tax laws to increase over the next 12 months and all of those surveyed (22 respondents) expect them to increase over the next three years, with 12 anticipating a dramatic increase.

Similarly, tax and legal professionals agree that the reporting of crypto and digital assets will increase over the next two years, according to 21 of the 22 surveyed. In fact, 15 expect the trend towards the reporting to increase dramatically.

**Lawrence Wintermeyer, executive co-chair of Global Digital Finance**, **said: “**Changes in the tax treatment of crypto and digital assets are seen as inevitable by tax and legal professionals engaged in the market and will be welcomed by GDF members.

“The tax treatment of crypto and digital assets must be consistent and fair if governments are to embrace digital assets and the economic growth opportunities they offer while avoiding the tax arbitrage of the .com era.

GDF is committed to promoting best practice across the industry and supporting policy makers in the cross-border development and harmonization of meaningful tax policy.”

**Which crypto/digital areas should tax authorities?**

Those surveyed believe the area tax authorities should focus on the most is which exchanges of crypto and digital assets constitute taxable events (15 respondents) - for example exchanges of crypto/digital assets for fiat currency, goods and services, or other crypto/digital assets.

This was closely followed by the classification of crypto and digital assets for tax purposes (14 respondents), as well as simplified tax treatment for small or occasional transactions in crypto and digital assets (9 respondents).

Just three of the 22 surveyed had faced any issues with tax authorities in the past three years while half of those questioned had engaged with policymakers on tax treatment of digital assets over the same period.

Singapore and Switzerland are seen as the countries with the most advanced tax laws on digital assets, according to nine of the 22 surveyed. The US was selected by seven participants while Japan received four votes and the UK three.

A recent survey of GDF members reported in the organisation’s 2020 annual report identified a lack of regulatory clarity as the biggest challenge facing the sector this year.

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**Notes to Editors**

**\*** GDF survey among 22 tax and legal professionals specialising in the crypto and digital assets market in Q1 2021

**For further information**

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