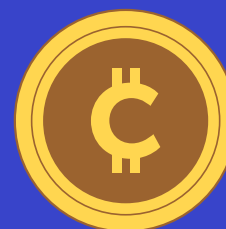




Australian Government
Australian Taxation Office

Tax tips for crypto asset investments



There's more to investing in crypto assets than just what you buy and sell. You also need to understand your tax obligations. The way you interact with crypto determines if you need to report income, a capital gain or loss, and if you can claim a deduction.

If you exchange crypto for goods, cash, or other crypto then it's likely a **disposal** for the purposes of capital gains tax (CGT) and you may need to include a capital gain or loss in your tax return.

Make tax time easier by remembering these tips:

- Keep good records
- Report crypto in your tax return
- Report capital gains, losses, rollovers and exemptions
- Rollover and exemptions
- Personal use assets
- Calculate CGT correctly.

Keep good records

It's important to keep good records of all crypto transactions. If you trade crypto, you should keep:

- receipts when you buy, transfer or dispose of crypto assets
- records when you move crypto to or from platforms or smart contracts, including liquidity pools and wrapping
- records of crypto acquisitions such as gifts, airdrops, staking rewards, prizes, and gambling winnings
- records of agent, accountant and legal costs
- records of software costs that relate to managing your crypto assets
- digital wallet records and keys
- dates of the transactions

- the value of the crypto in Australian dollars at the time of the transactions
- what the transaction was for and who the other party was.

i You can find out more at [Keeping crypto records](#).

Report crypto in your tax return

What you need to do:

- convert the value of crypto assets to Australian dollars
- include the Australian dollar value of established tokens received by way of airdrops and tokens received as staking rewards as income at '[Other income](#)'
- include any capital gains or capital losses of crypto assets at the CGT labels on your tax return
 - if you made a capital gain, report it at 'Total current year capital gains' and 'Net capital gains'
 - if you made a capital loss, report it at 'Net capital losses carried forward to later income years'
 - if you're reporting over \$10,000 in capital gains and completing the CGT schedule with your tax return, report capital gains and losses at 'Other CGT assets and any other CGT events'.

Records you need to keep when you buy, hold or sell an investment

| Buying (acquiring) | Owning (holding) | Selling (disposing) |
|--|--|--|
| <ul style="list-style-type: none"> • receipts of transactions, or • documents that display <ul style="list-style-type: none"> – the crypto asset – the purchase price in Australian dollars – the date and time of the transaction – what the transaction was for • commission or brokerage fees on the purchase • agent, accountant, and legal costs • exchange records | <ul style="list-style-type: none"> • software costs related to managing your tax affairs • digital wallet records and keys • documents showing the date and quantity of crypto assets received via staking or airdrop | <ul style="list-style-type: none"> • receipts of sale or transfer • documents that display: <ul style="list-style-type: none"> – the crypto asset – the sale or transfer price in Australian dollars – the date and time of the transaction – what the transaction was for • commission or brokerage fees on the sale or transfer • exchange records • calculation of capital gain or loss |

You can work out your CGT using our [CGT calculator and record keeping tool](#). Alternatively you can find a reputable Australian crypto tax calculator to sync your exchange and wallet accounts to assist in calculating your CGT.

Watch: [How to complete myTax when you have sold crypto assets](#), go to tv.ato.gov.au and search **sold crypto**.

Report capital gains and losses

You must report 'disposals' of crypto for capital gains tax purposes if you:

- exchange one crypto for another crypto asset, including activities like depositing your crypto assets into liquidity pools and wrapping
- trade, sell or gift crypto
- convert crypto to a fiat currency – for example, to Australian dollars.

Transaction fees paid in fiat currency can be included in the cost base of the crypto you disposed of. However, if your crypto holding reduces during a transfer due to using crypto to cover the fee, the transaction fee is also a disposal and has capital gains tax consequences.

You have a CGT obligation even if you:

- use the proceeds from selling crypto to buy more crypto
- don't convert the proceeds into fiat currency – for example, Australian dollars.

If you transfer crypto from one wallet to another wallet while maintaining ownership of it, it's not a disposal for tax purposes and doesn't need to be reported.

Personal use assets

Crypto assets are usually considered an investment and not a personal use item.

Even if you use your crypto asset investments to buy personal items, this won't change it from being an investment (see Example 1). This includes exchanging crypto for Australian dollars or gift cards or using an online payment gateway to buy personal items.

When you get a crypto asset and use it in a short period of time to buy personal items, it could be a personal use asset (see Example 2).

A capital gain on the disposal of a crypto asset is exempt if:

- the crypto is a personal use asset that's mainly kept or used to purchase personal items
- you got your personal use crypto for less than \$10,000.

i For more information about personal use assets, see ato.gov.au/cryptopersonaluse.

Calculate CGT correctly

If your crypto is held as an investment, you may pay tax on your net capital gains for the year.

To calculate your CGT use your total capital gain:

- subtract any capital losses
- subtract your entitlement to any CGT discount on your capital gain.

i Note: Before calculating your capital gain or loss, convert your crypto purchases and disposals into Australian dollars (A\$).

When you purchase crypto in a fiat currency and transfer the crypto for another, the amount of the original purchase in the fiat currency forms part of your cost base (see Example 3)

If you acquire crypto by exchanging it for other crypto, the cost base of the original crypto you disposed of in the exchange is the market value in A\$ at the time it was acquired (see Example 4).

Capital losses

If you dispose of your crypto for less than it cost you, you may have a capital loss. Capital losses can be used to reduce your capital gains in the current or future income years.

Make sure you report the loss in your tax return so you have it available to offset future capital gains. For more information see [How to work out and report CGT on crypto](#).

Example 1: investment in crypto assets

Rosa buys crypto with the intention of selling later at a better exchange rate.

She decides to buy some household items using some of her crypto. Because Rosa's intention was to use the crypto as an investment, the crypto she uses to buy household items isn't a personal use asset.

If Rosa makes a capital gain when she disposes of her crypto to buy household items, it won't be exempt

Example 2: personal use asset

Nikesh pays **\$50** to acquire crypto each fortnight to buy computer games. In the same fortnight Nikesh uses the crypto to buy computer games directly, where there's no conversion to a fiat currency first.

Nikesh doesn't hold any other crypto.

In these circumstances, Nikesh acquires and uses the crypto in a short period of time to buy personal items. When this occurs, the crypto assets are personal use assets.

In one fortnight, Nikesh sees a computer game he wants to buy from an online retailer that doesn't accept crypto. Nikesh uses an online payment gateway which buys the game on his behalf in exchange for his crypto. Even though the crypto was exchanged through the online payment gateway, it was still held and used in a short period of time to buy a personal item. In these circumstances, the crypto is also a personal use asset.

Example 3: disposing of crypto assets purchased with fiat currency

(a currency established by a country's government regulation or law)

Usha purchased 8,000 XRP for **\$5,500** Australian dollars. A few days later Usha exchanged her 8,000 XRP for 2 Ether (ETH). Usha needs to report her capital gain or loss from the disposal of crypto (XRP) in her tax return.

Usha's receipt shows she:

- used **\$5,500** Australian dollars to purchase 8,000 XRP
- was charged **\$5** for brokerage.

Usha's cost base is **\$5,500 + \$5**, which totals **\$5,505**.

Usha's exchange provides a receipt for the purchase of 2 ETH, but it doesn't include prices in Australian dollars. According to her exchange records, Usha exchanged 8,000 XRP for 2 ETH on 15 July 2023 at 1:30pm.

At the time of this transaction, the market value of 2 ETH was **\$5,600** Australian dollars. Usha's capital proceeds are **\$5,600**.

Usha subtracts her cost base (**\$5,505**) from her capital proceeds (**\$5,600**), which results in a capital gain of **\$95**.

Usha is not eligible for a discount or exemption.

Usha keeps a record of her capital gain (**\$95**) on the disposal of her XRP to include in her 2024 tax return.

Example 4: exchanging a crypto asset for another crypto asset

A few months later, Usha exchanged her 2 Ether (ETH) for 0.1 Bitcoin (BTC).

Usha's exchange records show she acquired 2 ETH on 15 July 2023 at 1:30pm for 8,000 XRP. At the time of the transaction, the XRP had a market value of **\$5,600** Australian dollars.

Usha's exchange charges her a **\$10** brokerage fee to trade 2 ETH for 0.1 BTC.

Usha's cost base is **\$5,600 + \$10**, which totals **\$5,610**.

Usha's exchange provides a receipt for the acquisition of 0.1 BTC but it doesn't include prices in Australian dollars. Usha's receipt shows she disposed of her 2 ETH for 0.1 BTC on 10 January 2024 at 2:00 pm.

At the time of this transaction, the market value of 0.1 BTC is **\$7,000**. Usha's capital proceeds from the exchange of 2 ETH for 0.1 BTC is **\$7,000**.

Usha subtracts her cost base (**\$5,610**) from her capital proceeds (**\$7,000**), which results in a capital gain of **\$1,390**.

Usha isn't eligible for a discount or exemption.

Usha keeps a record of her capital gain (**\$1,390**) on the disposal of her ETH to include in her 2024 tax return.



This is a general summary only.

For more information go to ato.gov.au/cryptoassets

If you need help working out your capital gain go to ato.gov.au/CGT

