

# INTERNATIONAL COMPARISON

July 2018



## What's in this issue: Virtual Currency Taxation

Auren International Comparison is a quarterly publication that provides you an overview of trends and international tax developments by comparing tax issues in different legislations around the world, that may affect those doing business in multiple locations.

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Constant legislative, regulatory, and judicial changes, along with globalization, economic shifts, and operational adjustments, are challenging issues. Now more than ever, in an increasingly globalized world, companies must have a total perspective and awareness of tax issues, and this publication aims to cover key tax topics which should be of interest to businesses operating internationally.

This edition includes numerous country focus pieces, in which it is analyzed; virtual currency taxation regarding cryptocurrency or virtual coins.

We hope you that you find this publication helpful.

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# Argentina

<b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b>	Explained below
<b>Does Tax Administration request information about it?</b>	<p>Tax Administration request Argentine residents to inform all assets, including virtual coins, on an annual basis, disregarding if it is a local or foreign investment.</p> <ul style="list-style-type: none"> <li>• Anti-Money Laundering Administration request financial entities and money exchange companies, to consider virtual coins transactions in their anti-money laundering procedures.</li> </ul>
<b>Is it considered as a way of payment or an investment asset?</b>	There is no regulation about this.
<b>Special information for foreign investments</b>	No

## TAX BY TAX TREATMENT

<p><b>Corporate income tax</b></p> <ul style="list-style-type: none"> <li>• Companies: capital gains on sales are currently taxed at a rate of 30 %</li> <li>• Individuals: capital gains on sales are currently taxed at a rate of 15 % since January 1st 2018.</li> </ul> <p>Holding gains are not taxed.</p> <p><b>Minimum Presumed Income Tax</b></p> <ul style="list-style-type: none"> <li>• Taxed within the assets of the company. It should be valued at the closing date of the company's fiscal year.</li> </ul> <p><b>Personal Property Tax</b></p> <ul style="list-style-type: none"> <li>• Taxed at the quoted price as of December 31st of each year. Tax rate for fiscal year 2018 is 0,25%.</li> </ul>
<p><b>Value added tax (VAT)</b></p> <ul style="list-style-type: none"> <li>• The purchase as investment and subsequent sale of a cryptocurrency is not taxed.</li> </ul>
<p><b>Gross Income Tax</b></p> <p>While there are no rates expressly provided for in local laws, in our opinion the result of the sale of a cryptocurrency is reached at the general tax rate. The average rates for Argentina (depends on jurisdiction) range between 3 and 5%.</p>



# Argentina

<b>What about “mining” activity?</b>	Companies or individuals who are doing “mining” activities with cryptocurrency are considered as <b>economic activity</b> subjects and they’re taxed for their economic activity in personal or corporate income tax.
<b>Taxation on issuing “digital tokens” – ICO (Initial Coin Offering)</b>	N/A
<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.



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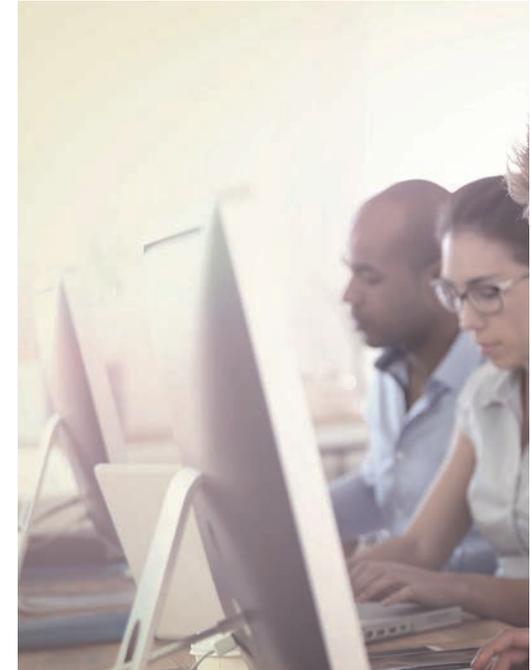


# Austria

<p><b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b></p>	<p>There is <b>no specific regulation</b> in Austrian law. Cryptocurrency is not considered as financial instruments, as they are considered to be other (intangible) assets, which are not considered to be depreciable.</p>
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## TAX BY TAX TREATMENT

<p><b>Personal / Corporate income tax</b></p> <ul style="list-style-type: none"> <li>For private individuals who hold cryptocurrencies as non-business assets, gains are only taxed if they are realized within one year. After this "speculation period", the realization is tax free.</li> <li>Rate: progressive income tax rate up to 50%</li> <li>However, if cryptocurrencies are interest-bearing, the rules mentioned above do not apply and a capital gain would qualify as investment income, which is taxed at a flat tax rate of 27,5%</li> <li>FIFO criteria only if the investor cannot fully document which portion was sold; if so he can sell the specific portion of his choosing</li> <li>The rules above also apply to the conversion between different cryptocurrencies (eg conversion of Bitcoin into Ethereum)</li> </ul>	
<p><b>Value added tax (VAT)</b></p> <ul style="list-style-type: none"> <li>Based on the case law of the European Court of Justice the exchange of fiat money into cryptocurrencies is VAT-exempt</li> </ul>	
<p><b>Wealth tax</b></p> <ul style="list-style-type: none"> <li>There is no wealth tax in Austria.</li> </ul>	
<p><b>What about "mining" activity?</b></p>	<p>Companies or individuals who are doing "mining" activities with cryptocurrency are considered as <b>economic activity</b> subjects and they're taxed for their economic activity in personal or corporate income tax.</p>



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# Bulgaria

<b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b>	There is <b>no specific regulation</b> in BG law. Goes by comparison or analogy with other taxable items like buying and selling company shares or investments.
<b>Does Tax Administration request information about it?</b>	To avoid <b>money laundering</b> , Tax Administration is requesting information to: Financial entities (banks)
<b>Is it considered as a way of payment or an investment asset?</b>	Bitcoin is not accepted as a <b>way of payment</b> in BG
<b>Special information for foreign investments</b>	N/A

## TAX BY TAX TREATMENT

<b>Personal / Corporate income tax</b>	
<ul style="list-style-type: none"> <li>• Capital gain No</li> <li>• PIT 10 %</li> <li>• CIT 10%</li> </ul>	
<b>Value added tax (VAT)</b>	
<ul style="list-style-type: none"> <li>• N/a</li> </ul>	
<b>G<sub>i</sub>Wealth tax</b>	
<ul style="list-style-type: none"> <li>• N/a</li> </ul>	
<b>What about “mining” activity?</b>	Companies or individuals who are doing “mining” activities with cryptocurrency are considered as still not regulated.
<b>Taxation on issuing “digital tokens” – ICO (Initial Coin Offering):</b>	N/A
<b>Any other particularities about it?</b>	No



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# Colombia

<p><b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b></p>	<p>There is no specific tax legislation on the subject, the tax administration has issued communications in which it deals with issues such as <b>cryptocurrency mining activities</b>, mentioning that these activities can lead to income generating income tax.</p>
<p><b>Does Tax Administration request information about it?</b></p>	<p>Officially cryptocurrencies <b>do not constitute a means of payment of legal tender in Colombia</b>, for this reason the tax administration does not make particular requests on this subject.</p> <p>In the absence of applicable regulations, there is only the presumption that investments in cryptocurrencies and income from mining activities should be included in the income statement.</p>
<p><b>Is it considered as a way of payment or an investment asset?</b></p>	<p>The cryptocurrencies have not been accepted as a means of payment by the monetary authority, therefore the banks are not authorized to perform any operation with these.</p> <p>However, the negotiation of these virtual currencies <b>does not constitute an illegal activity</b>, in this way it is understood that people or corporations can carry out these operations but not through banking entities or formal channels.</p>
<p><b>Special information for foreign investments</b></p>	<p>The declaration of assets abroad is mandatory in Colombia for <b>people who own assets abroad of any nature and value</b>, therefore cryptocurrencies should be considered as an element to be included in this statement</p>



## TAX BY TAX TREATMENT

<p><b>Personal / Corporate income tax</b></p> <ul style="list-style-type: none"> <li>• Capital gain obtained by mining activities or income derived from the cryptocurrency negotiation.</li> <li>• Rate: between 19%, 28% and 33% for individuals and 33% for companies.</li> <li>• Keeping it in the “wallet coin” is taxable? These elements have not been regulated</li> </ul>
<p><b>Value added tax (VAT)</b></p> <ul style="list-style-type: none"> <li>• For not being officially considered a legal payment method, VAT is not applicable.</li> </ul>

# Colombia



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<b>Wealth tax</b> <ul style="list-style-type: none"><li>Although there is no regulation in this regard, to be considered a tax asset, would be part of the basis for the calculation of this tax</li></ul>	
<b>What about "mining" activity?</b>	Companies or individuals who are doing "mining" activities with cryptocurrency are considered as economic activity subjects and they're taxed for their <b>economic activity</b> in personal or corporate income tax.
<b>Taxation on issuing "digital tokens" – ICO (Initial Coin Offering):</b>	Not regulated
<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.



# Cyprus

<b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b>	There is <b>no specific regulation</b> in Cyprus tax law.
<b>Does Tax Administration request information about it?</b>	We have not had such cases, but the Ministry of Finance and the Central Bank of Cyprus have jointly issued a statement saying that the public has to deal with Bitcoins with caution as there is no protection.
<b>Is it considered as a way of payment or an investment asset?</b>	Some Companies in Cyprus accept cryptocurrencies as a way of payment.
<b>Special information for foreign investments</b>	In accordance to CRS requirements

## TAX BY TAX TREATMENT

<b>Personal / Corporate income tax</b>	
There is no specific tax legislation in relation to income from cryptocurrencies	
<b>Value added tax (VAT)</b>	
Even though no specific legislation exists in Cyprus VAT law, the European Court of Justice has ruled that Bitcoin transactions will be exempted from VAT	
<b>Wealth tax</b>	
Cyprus does not have a specific wealth tax	
<b>What about "mining" activity?</b>	No specific legislation in regards to this. If the mining activity entails a transfer of control and thus meets the requirements of IFRS 15 'Revenue from Contracts with Customers', it would be reasonable to assume that such revenue will be taxed under corporation tax, in a similar manner as any other ordinary revenue arising from economic activity.
<b>Taxation on issuing "digital tokens" – ICO (Initial Coin Offering):</b>	Even though no specific tax legislation exists in Cyprus in relation to ICOs, the expected tax treatment would depend on the underlying asset of the ICO and it will thus be essential to distinguish whether this is a currency token, a utility token, or an asset/investment token.

# Cyprus

<b>Income Tax – The issuing company:</b>	<p>By issuing a currency token (i.e. cryptocurrencies) the issuing company transfers the control and as such any profit would be a taxable event similar to any other revenue.</p> <p>In the case of a utility token the specific details and rights/obligations would have to be examined. If the utility token is a pre-paid right to the issuing company's goods or services, then as the control has not been fully transferred, revenue cannot be recognized in full in accordance with IFRS 15. As a result a deferred revenue liability would have to be recognized. As such the tax liability would also be deferred until the point the issuing company will provide the goods or services. As a result, upon issuance of the utility token, it can be assumed that no tax would arise. Once control is transferred (i.e. the goods or services are delivered), then the issuing company will have a revenue which would be taxable in the same manner as any other revenue (i.e. under corporation tax of 12.5%).</p> <p>In the case of an asset/investment token which has similar characteristics to equity shares, bonds etc., the accounting treatment would be expected to be similar to that of such shares. As a result, if such a token is recognized on the balance sheet of the company it would not lead to a taxable event. If such token is to be treated in a similar manner as share capital it could possibly lead to a once off capital duty of 0.6% whilst it should also be investigated whether such tokens would also be eligible for the notional interest deduction incentive (in a similar manner as share capital).</p>
<b>Income Tax - Holders of tokens:</b>	<p>The tax treatment on the holders of the tokens will be corresponding the treatment of the issuers of tokens in the sense that it needs to be examined whether a transfer of control has taken place or not. As a general rule, any expense recognized can only be claimed for tax purposes if it has been paid for the creation of taxable revenue.</p>
<b>VAT obligation for the issuing company:</b>	<p>It is reasonable to assume that ICOs relating to currency tokens fall within the ECJ above mentioned decision (since this also relates to cryptocurrencies) and is thus exempt from VAT.</p> <p>In regards to VAT on utility tokens, according to EU VAT law a supply of services will be subject to VAT is a direct link exists between the services supplied and the consideration received. As such a link does not exist at the point of issuance of the utility token it can be argued that the issuance of the utility token should not be regarded as a taxable event for VAT purposes in Cyprus.</p> <p>Finally, in regards to VAT on asset/investment tokens it can be argued that this will be exempt from VAT assuming that they fall within the scope of exemption of Articles 135(1)(b) and (f) of the EU VAT Directive 2006/112/EC.</p>
<b>Any other particularities about it?</b>	<p>N/A</p>

# Ecuador

<b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b>	Ecuador is on track <b>to ban the use of virtual currency as a way of payment</b> by the Law of Economic Reactivation (2018).
<b>Does Tax Administration request information about it?</b>	Yes, the BCE (Banco Central del Ecuador) which is the current manager of the virtual currency has requested all the account holders to close their electronic accounts by June 2018.
<b>Is it considered as a way of payment or an investment asset?</b>	The closing of the accounts takes place after the entrance of Law of Economic Reactivation which established that the electronic means of payment will be handled by private banks, public and cooperatives.
<b>Special information for foreign investments</b>	No regulation on the matter.

## TAX BY TAX TREATMENT

<b>Personal / Corporate income tax to March 2018</b>	
<ul style="list-style-type: none"> <li>The reduction in the "income tax advance" to all the companies that use means of electronic payments.</li> <li>Between the years 2017 to 2018, the income obtained in electronic money and the costs and expenses made with electronic money will be excluded for purposes of calculating the income tax advance.</li> </ul>	
<b>Value added tax to March 2018 (VAT)</b>	
Ecuador was boosting the virtual currency by benefits in VAT. The biggest incentive, has been to return part of the VAT to people who use electronic money: since April, people or companies that have switched to electronic money will pay 10% for this concept, instead of 14 % general.	
<b>What about "mining" activity?</b>	During the validity of the virtual currency there wasn't an specific regulation on the matter.
<b>Taxation on issuing "digital tokens" – ICO (Initial Coin Offering):</b>	N/A
<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.



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# Finland

<p><b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b></p>	<p>There is <b>no specific regulation</b> in Finnish law. And in taxation it is not compared with the official currencies or shares. It is treated as a contract between parties.</p>
<p><b>Does Tax Administration request information about it?</b></p>	<p>To avoid money laundering, Tax Administration is requesting information to:</p> <ul style="list-style-type: none"> <li>• Financial entities (banks)</li> <li>• Money exchange companies</li> <li>• "Walkway" payment system companies.</li> <li>• Companies who accept virtual currency as a way of payment.</li> </ul>
<p><b>Is it considered as a way of payment or an investment asset?</b></p>	<p>Bitcoin is accepted as <b>way of payment</b> in Finland and some companies use it. For instance, "bit pay" it's used to pay with bitcoins and convert into euros automatically, that means it's <b>neutral from an accounting point of view</b>.</p> <p>When you get paid directly in bitcoins or other virtual currency, in the balance sheet must be registered as "intangible asset" close to a foreign currency, according with Accounting authority and getting into euros could appear a <b>taxable capital gain</b> for the company.</p>
<p><b>Special information for foreign investments</b></p>	<p>There is no specific regulation for the special information.</p>



## TAX BY TAX TREATMENT

<p><b>Personal / Corporate income tax</b></p> <ul style="list-style-type: none"> <li>• <b>Capital gain</b> is obtained when buying and selling cryptocurrencies as other assets.</li> <li>• <b>Rate:</b> between 30% and 34% for individuals and 20% for companies.</li> <li>• FIFO criteria.</li> <li>• Also changing from one virtual currency to another (bitcoin to Ethereum for instance) not only to euros.</li> <li>• Keeping it in the "wallet coin" is taxable?             <ul style="list-style-type: none"> <li>• While keeping cryptocurrency into "wallet" is not needed to pay taxes.</li> </ul> </li> </ul>
<p><b>Value added tax (VAT)</b></p> <p>From 2015 when the EU Court considered that it was a "way of payment" like foreign currency, VAT problem disappears and it's considered as not subjected to VAT. (It is like having a bank account in dollars).</p>

# Finland

<b>Wealth tax</b>	
Virtual currency <b>value is taxable as any other asset.</b>	
<b>What about “mining” activity?</b>	Companies or individuals who are doing “mining” activities with cryptocurrency are considered as <b>economic activity</b> subjects and they’re taxed for their economic activity in personal or corporate income tax.

## Taxation on issuing “digital tokens” – ICO (Initial Coin Offering):

<b>Income Tax - The issuing company:</b>	They are taxed for their economic activity in corporate income tax.
<b>Income Tax - Holders of tokens:</b>	The increase in value is taxable capital gain and the loss is non-deductible.
<b>Income Tax - Issuing tokens to employees:</b>	The increase in value is taxable capital gain and the loss is non-deductible.
<b>VAT obligation for the issuing company:</b>	No VAT
<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.



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# Germany

<p><b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b></p>	<p>There is no specific regulation in German law. Goes by comparison or analogy with other taxable items like buying and selling company shares or investments.</p> <p>But license of the Federal Financial Supervisory Authority (BaFin) needed for</p> <ul style="list-style-type: none"> <li>• payment provider accepting bitcoins</li> <li>• mining and trading bitcoins in a commercial manner (= more than 20 business transactions per month)</li> <li>• bitcoin exchanges (except for trading on own account)</li> </ul>
<p><b>Does Tax Administration request information about it?</b></p>	<p>No special information required by tax authorities.</p>
<p><b>Is it considered as a way of payment or an investment asset?</b></p>	<p>Bitcoin is accepted as way of payment in Germany.</p> <p>Investments in bitcoins or other virtual currency (amounts of payment) have to be registered as "intangible asset" in the balance sheet.</p>
<p><b>Special information for foreign investments</b></p>	<p>No special information required by tax authorities.</p>

## TAX BY TAX TREATMENT

### Personal / Corporate income tax

- **Capital gain** is obtained when buying and selling cryptocurrencies as other assets. Not applicable, if created by mining. taxable with no time limits as commercial income, for private investors, if purchase and sale happen within one year
- **Rate:**  
for individuals: between 14% and 42% (plus solidarity surcharge and church tax), if capital gains exceed 600 EUR  
for companies: approx. 30% (incl. trade tax and solidarity surcharge)
- FIFO criteria.
- Keeping cryptocurrency in the "wallet coin" is not taxable.



# Germany

<b>Value added tax (VAT)</b>	
Conversion of bitcoin to Fiat (and vice versa)	No VAT
Buying goods or services with bitcoin (using as means of payment)	No VAT
Ingame currencies are no means of payment and therefore taxable	VAT
Transaction fees received by bitcoin miners	No VAT
Bitcoin received by bitcoin miners	No VAT
Providing wallet services to customers for a fee	VAT
Fees of bitcoin exchanges on a marketplace, which enables sellers and buyers to conduct transactions	VAT
Exchange buys and sells as an intermediary bitcoins on its own behalf	No VAT
<b>Wealth tax</b>	
No wealth tax in Germany	
<b>What about "mining" activity?</b>	Not taxable in Germany.
<b>Any other particularities about it?</b>	Possible obligation to draw up a prospectus according to Investment Law for mining-pools or ICO
<b>Taxation on issuing "digital tokens" – ICO (Initial Coin Offering):</b>	No regulation in Germany yet.
<b>Any other particularities about it?</b>	Possible obligation to draw up a prospectus according to Investment Law for mining-pools or ICO



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# Greece

Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins	There is <b>no specific regulation</b> in Greek law.
Does Tax Administration request information about it?	To avoid <b>money laundering</b> , Tax Administration is requesting information from: <ul style="list-style-type: none"> <li>• Financial entities (banks)</li> <li>• Money exchange companies</li> <li>• “Walkway” payment system companies.</li> <li>• Companies who accept virtual currency as a way of payment.</li> </ul>
Is it considered as a way of payment or an investment asset?	A private company has listed a few businesses that accept Bitcoins as a form of payment.
Special information for foreign investments	N/A

## TAX BY TAX TREATMENT

<b>Personal / Corporate income tax</b>	
<ul style="list-style-type: none"> <li>• <b>Capital gain</b> are obtained when buying and selling cryptocurrencies as other assets.</li> <li>• <b>Rate:</b> between 22% and 45% for individuals and 29% for companies.</li> <li>• Also converting from one virtual currency to another (bitcoin to Ethereum for instance) not only to euros.</li> <li>• When keeping cryptocurrency into “wallet”, it is not required to pay taxes.</li> </ul>	
<b>Value added tax (VAT)</b>	
As of 2015 when the EU Court considered that it was a “way of payment” such as foreign currency, <b>it’s considered as not subjected to VAT.</b>	
<b>Wealth tax</b>	
Virtual currency value is taxable as any other asset.	
<b>What about “mining” activity?</b>	Companies or individuals who are doing “mining” activities with cryptocurrency are considered as economic activity subjects and they’re taxed for their economic activity either with personal or corporate income tax.
<b>Taxation on issuing “digital tokens” – ICO (Initial Coin Offering):</b>	N/A
<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.



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# Israel

<p><b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b></p>	<p>Virtual currencies are not considered a “currency” under the Banking Law of Israel.</p> <p>Therefore, there are no tax benefits or trade benefits for virtual currencies, as do other recognized currencies in Israel.</p> <p>In the past year, there has been a detailed tax legislation on the subject, and “tax decisions” that are a binding precedent are publicized. There are a number of internal circulars and instructions from tax authorities on the subject of VAT, company’s income tax and individual income tax.</p>
<p><b>Does Tax Administration request information about it?</b></p>	<p>To avoid <b>money laundering</b>, Tax Administration is requesting information to: Financial entities (banks)</p> <ul style="list-style-type: none"> <li>• Money exchange companies</li> <li>• “Walkway” payment system companies.</li> <li>• Companies who accept virtual currency as a way of payment.</li> </ul> <p>Companies that deal with Blockchain and the virtual currencies will be asked to provide additional information to the banking system so that the Bank’s legal department will agree to open bank accounts and promote activity</p>
<p><b>Is it considered as a way of payment or an investment asset?</b></p>	<p>Since <b>virtual currencies</b> are not considered legal currency in Israel, the Tax Authority’s reference is as an asset.</p> <p>The sale of a distributed payment method, considered as the sale of an “asset”. Therefore, will be classified as <b>capital income</b> and will be subject to <b>capital gains tax</b>.</p>
<p><b>Special information for foreign investments</b></p>	<p>The banking system do not recognize the virtual currencies and companies engaged in the field, trading companies or companies engaged in an ICO, are considered high-risk companies.</p> <p>Therefore, the banks in Israel are making it difficult to open bank accounts for such companies.</p> <p>Anti-money laundering regulations are strictly applied in the banking system accordingly.</p>



# Israel

## TAX BY TAX TREATMENT

### Personal / Corporate income tax

A person whose income from a distributed payment method amounts to a "business scope" will be classified as a current profit income from business and tax rates will apply accordingly.

In transactions that are paid in a virtual currency in return for service or goods, the transaction will be considered as a barter transaction, and therefore the rules of reporting and valuation of the transaction will be in accordance with the tax rules of barter transactions regarding market value.

### Value added tax (VAT)

A **virtual currency** is not considered a legal currency in Israel, but according to the VAT Law, it is considered a financial asset, and therefore the reference is accordingly.

Income from a distributed means of payment **will be charged VAT only if they have "business characteristics"**. (An investor whose activity does not amount to a business will not be charged VAT).

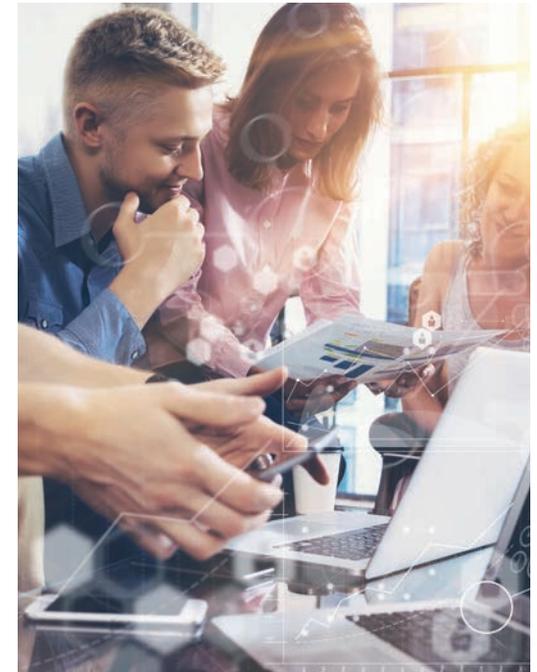
A person whose activity in a distributed means of payment reaches an activity with **business characteristics**, will be **classified** and registered as a **"financial institution"** for the purposes of the VAT Law and whose income will be taxed in accordance with the provisions of Section 4 of the VAT Law.

Those engaged in the **mining** of a distributed means of payment will be classified and registered as a **"business activity"** for the purposes of the VAT Law, and its transactions will be taxed at a **zero VAT rate** (or at a full rate, as the case may be).

Regular Business that receives during the service or sale of goods a payment in a distributed currency will be liable to VAT on the service or sale of the goods (Unless distributed currency it's his business).

### What about "mining" activity?

Mining - "Business activity" that will be taxed at a zero VAT rate )In most cases(.



# Israel

## Taxation on issuing “digital tokens” – ICO (Initial Coin Offering):

<p><b>Income Tax - The issuing company:</b></p>	<p>The proceeds received in the <b>offering</b> will be recorded as <b>deferred income</b> / advance income (a kind of advance from a customer with three tracks determine market value).</p> <p>If the Company <b>provides services</b> or sells products in return for the certificates issued, then the revenues in advance will be <b>recognized</b> as income <b>in installments</b> in accordance with the rate at which the <b>services are provided or the supply of the products</b>.</p> <p>In the event that the issued certificates do not create any commitment to the service provider or product to the token holder, the issuing company shall recognize the income upon receive proceeds from the issue (based on the White Papers).</p> <p>A company that received the issuance proceeds in other distributed chips (such as Bitcoin or Ether) will <b>recognize the income</b> or expense from the change in the value of the chips Distributed in the issue on the date <b>of their conversion to Fiat money</b> or at the time of their use.</p>
<p><b>Income Tax - Holders of tokens:</b></p>	<p>Holders of tokens will register possession of the asset or will recognize the expense during the period of use of the service. The sale of tokens will be recorded as capital gain or current income, as the case may be.</p>
<p><b>Income Tax - Issuing tokens to employees:</b></p>	<p>The employee’s income from the allocation of tokens will be taxed on the date of realization of the right embodied in the token or on the date of “sale” of the token.</p> <p>If the Company requests, it may be taxed at the time of the issued certificates, with the necessary adjustments.</p>
<p><b>VAT obligation for the issuing company:</b></p>	<p>In <b>providing service</b>, on a <b>cash basis</b> upon receipt of the money (In certain cases it will be reported on an accrual basis, as determined by law).</p> <p>In the <b>sale of goods</b>, on a cumulative basis <b>upon delivery of the goods</b> (In certain cases it will be reported upon the receipt of the money, as determined by law).</p> <p>A <b>private person</b> whose sale of tokens does not amount to activity with business characteristics <b>will not be subject to VAT</b>.</p>



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# Italy

<b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b>	There is no specific regulation in the Italian law; only some instructions by the Italian Tax Office have been recently issued. Goes by comparison or analogy with other taxable items like buying and selling foreign currency.
<b>Does Tax Administration request information about it?</b>	The instructions issued by the Tax Office (Interpello 956-39/2018) addresses the question relating to the fiscal monitoring concerning those taxpayers who hold investments and assets (including virtual currency) outside Italy. They are, in fact, obliged to give disclosure of their foreign investments held at the end of the tax period under model RW of their tax return.
<b>Is it considered as a way of payment or an investment asset?</b>	Cryptocurrencies can be used as a payment unit on a voluntary basis. Therefore, bitcoin is accepted as way of payment in Italy, but not commonly used; its main scope is to hold it as a value reserve. Moreover, cryptocurrencies are not suitable (at least for the time being) to guarantee the traceability of operations. According to the National Board of Notaries, a transaction in Bitcoin can be defined as apparent because both parties involved claim to be the owners of the respective accounts, without however providing any proof of such statements. Therefore, this transaction could be reported as a suspicious transaction
<b>Special information for foreign investments</b>	An individual could be obliged to declare assets outside of Italy existing at the end of the tax period through RW form.



## TAX BY TAX TREATMENT

<b>Personal / Corporate income tax</b>
Based on instructions issued by the Tax Office, tax treatment of virtual currency is different between professional investors and individuals. As far as professional investors who are involved in intermediation of traditional currency with bitcoins, any capital gain obtained is subject to corporate (at 24%) and regional tax (mainly at 3,9%). As far as individuals, capital gains are taxed at 26% only if the average stock of bitcoins in the various wallets is higher than € 51.645,69 for at least 7 consecutive working days. LIFO criteria is applicable. Keeping cryptocurrency into wallet is not needed to pay taxes.
<b>Value added tax (VAT)</b>
From 2015 when the EU Court considered that it was a "way of payment" like foreign currency and, therefore, it's considered as not subjected to VAT.

# Italy

## Tax on financial instruments (IVAFE)

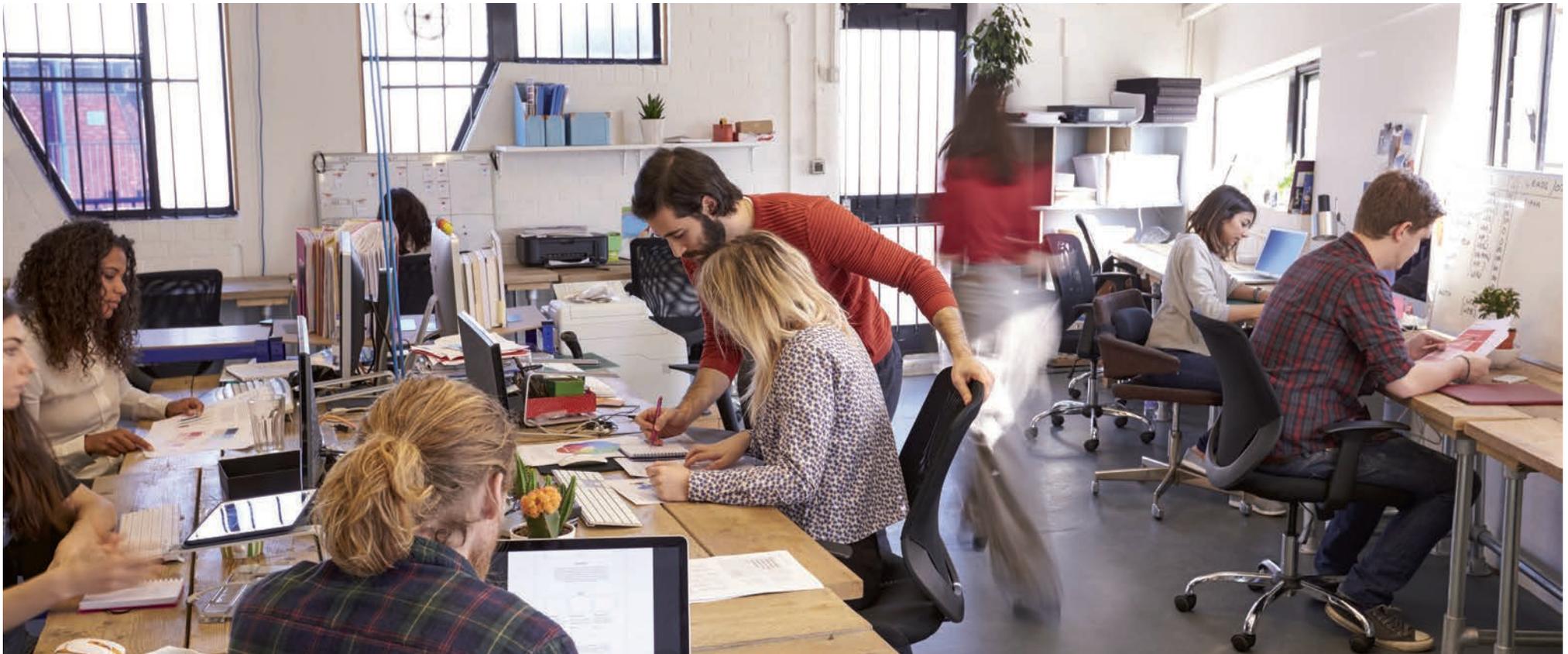
The possession abroad of virtual currency does not give rise to the payment of IVAFE as it applies to deposits and bank accounts exclusively of a "banking" nature.

<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.
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# Malta

<p><b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b></p>	<p>There is <b>no specific</b> tax regime in Malta. Goes by comparison or analogy with other taxable items like buying and selling company shares or investments. It will be taxable like other Financial Instruments. However, Malta has enacted three Acts, i.e.:</p> <p>The first law, known as the <b>Malta Digital Innovation Authority Act (MDIA Act)</b>, establishes the Malta Digital Innovation Authority and certifies DLT platforms. This law will focus on internal governance arrangements and will outline the duties and responsibilities of the Authority to certify DLT platforms to ensure credibility and provide legal certainty to users wishing to make use of a DLT platform.</p> <p>The second law, known as the <b>Innovative Technology Arrangement and Services Act (ITAS Act)</b>, deals with DLT arrangements and certifications of DLT platforms. This bill is primarily concerned with the setting up of exchanges and other companies operating in the cryptocurrency market.</p> <p>And the third law, enacted yesterday, known as the <b>Virtual Financial Assets Act (VFA Act)</b>, establishes the regulatory regime governing ICOs, cryptocurrency exchanges, wallet providers, etc.</p>
<p><b>Does Tax Administration request information about it?</b></p>	<p>Constant monitoring of such licensed institutions will be done on a regular basis.</p> <p>Blockchain has the potential to simplify and automate tax compliance and transparency; once companies have blockchains in place recording all expenses and every transaction on their books, tax authorities may obtain access to this data to calculate and enforce payment of taxes in real time and reduce the opportunity for fraud and avoidance.</p>
<p><b>Is it considered as a way of payment or an investment asset?</b></p>	<p>Bitcoin is accepted as <b>way of payment</b> in Malta but not all companies use it. It is considered as a way of payment, when an actual payment is effected, however, when this is acquire as an investment then it will be considered as an investment asset, like other Financial Instruments.</p>
<p><b>Special information for foreign investments</b></p>	<p>An Maltese individual (who is domiciled and tax resident in Malta) is obliged to declare all his worldwide income through the annual tax return. The investment perse, does not need to be declare, only the gains and the income from such has to be declared.</p>



# Malta

## TAX BY TAX TREATMENT

<b>Personal / Corporate income tax</b>	
<ul style="list-style-type: none"> <li>• <b>Capital gain</b> is obtained when buying and selling cryptocurrencies as other assets, however if the buying and selling will become frequent then this will be considered as trading, hence capital gains is no more application and income tax will be. The badges of trade will be applied, as to determine whether trade is being effected.</li> <li>• <b>Rate:</b> between 0% to 35% for individuals and 35% for companies, however if it is non-Maltese owned tax refunds win between 25% to 30 % will apply, hence the Net effective tax rate will be 5 % to 10%.</li> <li>• FIFO criteria.</li> <li>• Also changing from one virtual currency to another (bitcoin to Ethereum for instance) not only to euros.</li> <li>• Keeping it in the “wallet coin” is taxable?             <ul style="list-style-type: none"> <li>• While keeping cryptocurrency into “wallet” is not chargeable to taxes if no gains or increments are not resulting.</li> </ul> </li> </ul>	
<b>Value added tax (VAT)</b>	
Holding or trading in cryptocurrencies do not fall within the definition of an economic activity with the Maltese VAT legislation, hence these transactions are outside scope of VAT, same as banking transactions etc.	
<b>Wealth tax</b>	
In Malta we do not have any Wealth tax.	
<b>What about “mining” activity?</b>	Companies or individuals who are doing “mining” activities with cryptocurrency are considered as economic activity subjects and they’re taxed for their economic activity in personal or corporate income tax.
<b>Taxation on issuing “digital tokens” – ICO (Initial Coin Offering):</b>	N/A
<b>Income Tax - The issuing company:</b>	Yes taxable
<b>Income Tax - Holders of tokens:</b>	Not taxable, it will become only taxable if , if for example, you purchase a Bitcoin for \$5000 and then the price goes up to \$5100 and you trade it in for \$5100 of Ethereum, you have triggered a taxable event and are liable to pay taxes on the \$100 of taxable income.
<b>Income Tax - Issuing tokens to employees:</b>	If the tokens are issued as a salary payment, then yes these are taxable
<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.



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# Mexico

<b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b>	There is <b>no specific regulation</b> in Mexican Law. Tax authorities have not issued any tax provision so any interpretation has to be done by comparison or analogy with other taxable items like buying and selling company shares or investments.
<b>Does Tax Administration request information about it?</b>	Yes but related with the <b>money laundering Law</b> . Tax Administration is requesting information to Financial Institutions, entities and individuals that perform "Vulnerable Activities" described on Article 17 <sup>th</sup> of the Law.
<b>Is it considered as a way of payment or an investment asset?</b>	Yes, In fact on March 9 <sup>th</sup> , 2018 was enacted the regulations of the "Technology Finance Institutions Law". The Law provides some regulations regarding with crypto currencies, basically in two topics: <ul style="list-style-type: none"> <li>• Crowdfunding (Colective Financing Institutions)</li> <li>• Electronic Payment Fund</li> </ul> As in many other countries not all companies use it, but with the new regulations a big change is expected.
<b>Special information for foreign investments</b>	No specific rule applies regarding foreign investments in crypto currencies. However, taxpayers must keep in mind that they are taxable over worldwide income.

## TAX BY TAX TREATMENT

<b>Personal / Corporate income tax</b>	
<ul style="list-style-type: none"> <li>• <b>Interests gain.</b> There is a loophole in the Income Tax Law (ITL) because no provision deems what tax treatment applies to Bitcoin transactions. Considering that Article 8th gives interest tax treatment to any exchange gain or loss with foreign currencies, most of tax experts support the same treatment for Bitcoin.</li> <li>• <b>Rate:</b> 30% for companies. Up to 35% for individuals (but maybe over net income after inflation rate).</li> <li>• Keeping it in the "wallet coin" is taxable? <ul style="list-style-type: none"> <li>• While keeping cryptocurrency into "wallet" it may be taxable.</li> </ul> </li> </ul>	
<b>Value added tax (VAT)</b>	
Once payments with cryptocurrencies are allowed under FINTECH LAW VAT regulations apply with the general cash flow rule.	
<b>Wealth tax</b>	
N/A	
<b>What about "mining" activity?</b>	No specific rule has been issued about "mining"
<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.



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# Portugal

<b>Please specify whether there is a tax regime in your country over crypto-currency or virtual coins</b>	There is <b>no specific regulation</b> in the Portuguese law. The sale of crypto-currency is not taxable under Portuguese tax law, unless if it constitutes a professional or business activity of the taxpayer.
<b>Does Tax Administration request information about it?</b>	Portuguese Tax Administration does not request information about virtual currency.
<b>Is it considered as a way of payment or an investment asset?</b>	Bitcoin is accepted as <b>way of payment</b> in Portugal but just in a small number of activities.  For instance, "bit pay" is used to pay with bitcoins and convert into euros automatically. That means it's <b>neutral from an accounting point of view</b> .
<b>Special information for foreign investments</b>	N/A

## TAX BY TAX TREATMENT

<b>Personal / Corporate income tax</b>	
Crypto-currency can generate different types of taxable income:	
<ul style="list-style-type: none"> <li>• by gains obtained with the purchase and sale of virtual currency units / exchange at the exchange rate of the crypto-currency moment by real currency (whichever it is) - nontaxable;</li> <li>• for obtaining commissions for the provision of services related to obtaining or normal course of crypto-currency - taxable under a professional or business activity;</li> <li>• for gains derived from sales of crypto-currency products or services - taxable under a professional or business activity.</li> </ul>	
<b>Value added tax (VAT)</b>	
Not subjected to VAT. (It is like having a bank account in dollars or other foreign currency).	
<b>Wealth tax</b>	
-N/A	
<b>What about "mining" activity?</b>	Companies or individuals who are doing "mining" activities with cryptocurrency are considered as <b>economic activity subjects</b> and they're taxed for their economic activity in personal or corporate income tax.
<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.



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# Romania

<b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b>	Currently, Romania hasn't implemented any tax regulation over cryptocurrency or virtual coins.
<b>Does Tax Administration request information about it?</b>	The Romanian Tax Administration doesn't apply any specific request for information in respect with the cryptocurrency or virtual coins. This doesn't mean that the tax authority will not apply taxation over the earnings generated by these transactions.
<b>Is it considered as a way of payment or an investment asset?</b>	The National Bank of Romania transmitted its official position on virtual currencies at the beginning of February 2018, considering them as "speculative, highly volatile and risky assets"
<b>Special information for foreign investments</b>	Even though the foreign investments' earnings are the object of taxation for all Romanian residents, no authority asks special information for foreign investments performed outside of Romania. But in Romania, both the Tax Administration and the National Bank of Romania collect information for investments in Romania performed by non-residents.

## TAX BY TAX TREATMENT

<p><b>Personal / Corporate income tax</b></p> <ul style="list-style-type: none"> <li>The individual's earnings from cryptocurrencies should be assimilated in the 'other earnings' category and the taxation is performed by withholding and taxed with a 10% rate.</li> <li>The legal entity's earnings from cryptocurrencies should be assimilated as any taxable income that is included in the overall base of taxation and taxed with 16% or 1% for micro-entities.</li> </ul>
<p><b>Value added tax (VAT)</b></p> <p>Due to the fact the local tax regulation for VAT purposes is harmonized to the EU regulation, the Romanian tax law should take into account the decision of the EU Court that states that "exempt from value added tax are the transactions related to the provision cryptocurrency, banknote and coins used as legal way of payment" but the Romanian authority has not yet recognized them as a legal way of payment, so there is the risk for such transactions to be considered as taxable transactions from VAT point of view.</p>
<p><b>Wealth tax</b></p> <p>No wealth tax exists in Romania.</p>



# Romania

<b>What about “mining” activity?</b>	Companies or individuals performing “mining” activities with cryptocurrency are considered as economic activity subjects and they’re taxed for their economic activity either with personal or corporate income tax.
<b>Taxation on issuing “digital tokens” – ICO (Initial Coin Offering):</b>	Not Applicable
<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.



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# Serbia

<p><b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b></p>	<p>Virtual currency (and bitcoin as one of them) is not issued by a central bank, and therefore the central bank does not guarantee its value. The National Bank of Serbia (NBS) has repeatedly warned the public that virtual currencies are not a legal tender of payment in the Republic of Serbia. In this regard, the National Bank of Serbia cannot guarantee the use of virtual currencies, investments in them, or their value, so anyone who engages in activities related to virtual currencies does so on their own responsibility and individually bears financial and other risks arising from these activities.</p>
<p><b>Does Tax Administration request information about it?</b></p>	<p>Currently the only act in Serbia which explicitly mentions the use of virtual currencies is the Anti-Money Laundering and Financing of Terrorism Act (2017). This act prescribes the obligation to take actions and measures for the prevention of money laundering, such as the identification of parties (using the device or trading through these platforms) by taking a copy of the personal document, appropriate reporting by the Administration for the Prevention of Money Laundering and determining the authorized person for the execution of these actions. However, the effect of these provisions in practice is limited as the authorities lack in human resources which would closely monitor the implementation thereof.</p>
<p><b>Is it considered as a way of payment or an investment asset?</b></p>	<p>The Republic of Serbia doesn't recognize exchange of virtual currencies as financial transactions (including alternative means of payment instead of traditional money) and there is no decision or act of a competent authority that could give a special status to virtual currencies between money and goods</p>
<p><b>Special information for foreign investments</b></p>	<p>It is only a matter of time when the authorities will regulate this matter more closely, until then, Serbia will remain to be a neutral jurisdiction which only recognizes the existence of the virtual currencies, but practically adds nothing to the table in terms of attracting crypto investments.</p>



# Serbia

## TAX BY TAX TREATMENT

### Personal / Corporate income tax

The Personal Income Tax Law does not recognize income from investment and cryptocurrencies which would be a taxable. However, the personal income tax law has one rather general provision which mentions "other income which is not taxed on other grounds or not exempt from taxation or exempt from tax under this law". Such a formulation allows tax authorities to tax any kind of revenue generated, so that it can be concluded that the obligation to pay tax exists.

The fact that crypto-currencies are not recognized as a currency or an immaterial asset leads to inability to levy taxes on the profit that the company accrues through mining thereof.

### Value added tax (VAT)

Not applicable.

### Wealth tax

Not applicable.

### What about "mining" activity?

As per Serbian law, it would be necessary that the company includes the profits accrued through mining in its annual financial statements in order to pay corporate profit tax. To make this possible, however, the Serbian Tax Administration must introduce provisions that would stipulate the exact means of levying taxes on crypto-currency mining in the legislation.

### Taxation on issuing "digital tokens" – ICO (Initial Coin Offering):

No answer



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# Spain

<p><b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b></p>	<p>There is <b>no specific regulation</b> in Spanish law. Goes by comparison or analogy with other taxable items like buying and selling company shares or investments.</p>
<p><b>Does Tax Administration request information about it?</b></p>	<p>To avoid <b>money laundering</b>, Tax Administration is requesting information to: Financial entities (banks)</p> <ul style="list-style-type: none"> <li>• Money exchange companies</li> <li>• "Walkway" payment system companies.</li> <li>• Companies who accept virtual currency as a way of payment.</li> </ul>
<p><b>Is it considered as a way of payment or an investment asset?</b></p>	<p>From 2015 bitcoin is accepted as <b>way of payment</b> in Spain but not all companies use it. For instance, "bit pay" it's used to pay with bitcoins and convert into euros automatically, that means it's <b>neutral from an accounting point of view</b>.</p> <p>When you get paid directly in bitcoins or other virtual currency, in the balance sheet must be registered as "<i>intangible asset</i>" close to a foreign currency, according with Accounting authority and getting into euros could appear a <b>taxable capital gain</b> for the company.</p>
<p><b>Special information for foreign investments</b></p>	<p>An individual could be obliged to <b>declare assets outside of Spain</b> through (720 form) when having more than 50.000€ assets value.</p> <p>There are controversial opinions about it... but Tax Authorities says nothing.</p>



## TAX BY TAX TREATMENT

<p><b>Personal / Corporate income tax</b></p> <ul style="list-style-type: none"> <li>• <b>Capital gain</b> is obtained when selling cryptocurrencies as other assets.</li> <li>• <b>Rate:</b> between 19% and 23% for individuals and 25% for companies.</li> <li>• FIFO criteria.</li> <li>• Also changing from one virtual currency to another (bitcoin to Ethereum for instance) not only to euros.</li> <li>• Keeping it in the "wallet coin" is taxable?             <ul style="list-style-type: none"> <li>• While keeping cryptocurrency into "wallet" is not needed to pay taxes.</li> </ul> </li> </ul>
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# Spain

<b>Value added tax (VAT)</b>	
From 2015 when the EU Court considered that it was a “way of payment” like foreign currency, <b>VAT problem disappears and it’s considered as not subjected to VAT.</b> (It is like having a bank account in dollars).	
<b>Wealth tax</b>	
Virtual currency <b>value is taxable as any other asset.</b>	
<b>What about “mining” activity?</b>	Companies or individuals who are doing “mining” activities with cryptocurrency are considered as economic activity subjects and they’re taxed for their <b>economic activity</b> in personal or corporate income tax.

## Taxation on issuing “digital tokens” – ICO (Initial Coin Offering):

<b>Income Tax - The issuing company</b>	Not specifically regulated. No taxation over it.
<b>Income Tax - Holders of tokens</b>	No taxation over having it.  There’s only taxation when selling or changing from one virtual currency to another, so:  <b>Capital gain</b> is obtained when selling or changing cryptocurrencies as other assets.  <b>Rate:</b> between 19% and 23% for individuals and 25% for companies.
<b>Income Tax - Issuing tokens to employees</b>	No taxation for the issuing company and possible benefit in kind for the employee.
<b>VAT obligation for the issuing company</b>	As a way of payment is not subjected to VAT.
<b>Any other particularities about it?</b>	No other particularities must be taken into consideration.



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# The Netherlands

<b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b>	There is <b>no specific tax regulation</b> in Dutch law. However, the Dutch tax authorities have developed policy statements on the tax treatment of virtual currencies.
<b>Does Tax Administration request information about it?</b>	There are no special rules in Dutch tax law with regard to the provision of information to the tax authorities with regard to virtual currencies as such. However, the tax authorities have many possibilities to request information about virtual currencies from taxpayers and third parties (such as business partners) alike. However, these possibilities are based on regular Dutch tax laws such as the General State Taxes Act.
<b>Is it considered as a way of payment or an investment asset?</b>	Under Dutch tax law, virtual currencies are generally qualified as an investment asset. The tax authorities do not qualify virtual currencies as cash for direct tax purposes. However, the tax authorities do qualify virtual currencies as cash for indirect tax (VAT) purposes. As a consequence, for indirect tax purposes virtual currencies are recognized as a way of payment.
<b>Special information for foreign investments</b>	There are no special tax rules that see to the place where or from which the taxpayer holds the virtual currencies. The location of the "wallet" is thus not relevant for Dutch tax purposes.

## TAX BY TAX TREATMENT

<p><b>Personal / Corporate income tax</b></p> <p><b>Capital gain:</b></p> <p>For individuals, capital gains on virtual currencies generally remain not taxed as such, as the currencies are part of the taxpayer's income from savings and investment.</p> <p>For corporate taxpayer, a capital gain realized upon the alienation of a virtual currency is subject to corporate income tax at the statutory rates of 20 to 25%.</p> <p><b>Rate:</b> Please see above.</p>
<p><b>Value added tax (VAT)</b></p> <p>Based on the EU Court of Justice ruling, the Dutch tax authorities consider virtual currencies as cash for VAT purposes. As a consequence, transactions in virtual currencies are not subject to VAT in the Netherlands.</p>



# The Netherlands

<b>Wealth tax</b>	
<p>The Netherlands does not have a wealth tax. The Dutch “wealth tax” is part of the Dutch personal income tax law (the so-called box 3: income from savings and investment). In said box 3, the taxpayer is assessed on the base of the fair market value of his assets (minus liabilities) as per 1 January of the tax year at 0.00 Hrs (midnight). The tax rate is 30%, and the rate is applied on a deemed and progressive annual yield. Capital gains and investment proceeds are not as such taxed in box 3. These rules apply equally to virtual currencies. No special rules apply for virtual currencies. The main problem in connection herewith, is mostly the correct valuation of the virtual currency as per 1 January of the tax year at 0.00 Hrs (midnight).</p>	
<b>What about “mining” activity?</b>	<p>For companies, proceeds derived from mining are therefore subject to the statutory corporate income tax rate of 20 – 25%. Please be aware that the proceeds from mining are not realized when new coins are obtained since these coins do not qualify as cash but instead as stock or as investment assets. Instead, the proceeds from mining are deemed realized when the new coins are alienated.</p> <p>For individuals, mining is generally considered as part of box 3 (income from savings and investment). As a consequence, any proceeds from mining are not taxed as such, while related expenses are not tax deductible.</p>



## Taxation on issuing “digital tokens” – ICO (Initial Coin Offering):

<b>Income Tax - The issuing company</b>	No tax deduction can be claimed with regard to the value represented by the tokens.
<b>Income Tax - Holders of tokens</b>	Tokens are qualified as an investment asset to the extent that they represent economic value.
<b>Income Tax - Issuing tokens to employees</b>	Generally, the fair market value of the tokens received will qualify as progressively taxed income from employment for the employee.
<b>VAT obligation for the issuing company</b>	Since virtual currencies qualify as cash for VAT purposes, the issuance of coins (i.e. cash) should be a VAT exempt activity.
<b>Any other particularities about it?</b>	No



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# United Kingdom

<p><b>Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins</b></p>	<p>There is no specific UK tax legislation dealing with cryptocurrencies as the UK tax authorities ('HMRC') believes that existing legislation is sufficient to impose any tax charges which are due.</p> <p>HMRC issued a Brief in March 2014 which opened by saying that whether any profit or gain is chargeable or any loss is allowable will be looked at on a case-by-case basis talking into account the specific facts.</p> <p>They also said that the tax treatment set out in the Brief is "provisional pending further developments" and that cryptocurrencies are an evolving area and work on determining their legal and regulatory status is ongoing. However we've not received any further guidance for HMRC since the Brief was released.</p>
<p><b>Does Tax Administration request information about it?</b></p>	<p>There have been no specific powers granted to the UK tax authorities as yet. However, it is only a matter of time before new laws are ratified to give the tax collectors powers to request information from financial institutions that promote and act as agent for cryptocurrency transactions.</p>
<p><b>Is it considered as a way of payment or an investment asset?</b></p>	<p>The EU have considered whether the Bitcoin is a commodity or currency and it is their opinion that the bitcoin is used to facilitate commerce and is therefore more akin to a currency.</p> <p>HMRC have therefore followed the EU's opinion and therefore the tax treatment it sets out in its Brief, dated March 2014, is more or less in-line with the rules for trading in currencies. Having said this, HMRC have been careful to avoid describing cryptocurrencies as real currencies and have purposefully left them room for maneuver.</p> <p>HMRC recognise that currencies are used to make payments for goods and services but are also sometimes held as investments, bought and sold with a view to making a profit, or sometimes as a speculative bet.</p>
<p><b>Special information for foreign investments</b></p>	<p>The UK Government and tax authorities have not provided their opinion as to where the cryptocurrency is situated. For example, a Bitcoin wallet is not a bank account that can be said to be located in a certain branch. However, it is possible that the UK authorities could take the opinion that if the Bitcoin wallet and keys are kept in the UK, then the cryptocurrency is situated in the UK too.</p> <p>Therefore, until the UK authorities have provided a more detail analysis, it is recommended that non-UK resident and non-UK domiciled individuals do not keep their cryptocurrency wallets and keys in the UK to ensure they are not subject to UK tax on cryptocurrency transactions. The proceeds from these transactions should not be remitted to the UK and should remain outside the UK.</p>



# United Kingdom

## TAX BY TAX TREATMENT

### Personal / Corporate income tax

The payment for goods and services with cryptocurrencies will not affect the timing of any liability to tax.

In the UK when a foreign currency is acquired for the purposes of personal expenditure e.g. when on holiday in a foreign country, the disposal is exempt from UK capital gains tax. However, because cryptocurrencies are not legally recognised as 'foreign currencies' for UK capital gains tax purposes, and hence this specific relief cannot apply to the disposal of cryptocurrencies even if they are for personal expenditure.

### TRADING:

For **corporation tax**, the profits or losses on exchange movements between currencies are taxable. For the treatment of cryptocurrencies, the general rules on foreign exchange and loan relationships apply. Therefore, exchange movements are determined between the cryptocurrency and the company's functional currency. The profits and losses are reflected in the accounts and are taxable under the normal corporation tax rules. The UK's corporation tax rate is currently 19% but will reduce to 17% from 1 April 2020.

For **income tax**, where an unincorporated business is buying and selling cryptocurrency with a view to making a profit, it should recognise profits and losses in the accounts and will be subject to normal income tax rules.

### INVESTING:

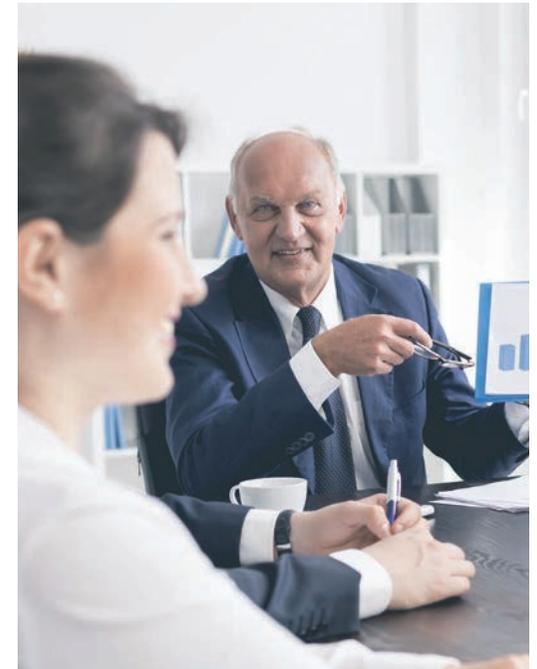
Where the holding of the cryptocurrency is considered to be an **investment**, the profit or loss will be treated as the disposal of a capital asset and hence:

For **companies**, the gain will be subject to **corporation tax**. See above for details of the UK corporation tax rate.

For individuals, the gain will be subject to individual's **capital gains tax** ('CGT').

### GAMBLING:

Where the purpose of holding of cryptocurrency is so **highly speculative** the transaction should be treated as gambling and hence the profit or loss should be treated as such. In the UK, gambling profits are **not taxable** income and losses are cannot be offset against other income.



# United Kingdom

## Value added tax (VAT)

When cryptocurrencies are exchanged for other currencies, no VAT is due on the cryptocurrency itself.

VAT will be due in the normal way when a cryptocurrency is used as a currency to purchase goods and services. The value if the supply of goods or services on which VAT is due will be the Pound Sterling value of the cryptocurrency at the point the transaction takes place.

The provision of other services, such as verification, is exempt from VAT under the existing banking exemption.

Charges for arranging or carrying out transactions are exempt from VAT under the existing banking exemption.

## Wealth tax

There is no tax on wealth in the UK at the time of writing.

However, when someone dies and leaves their wealth to their family and friends there is a potential **inheritance tax** to pay. Cryptocurrency forms part of the person's estate and the cryptocurrency is valued at the value in Pound Sterling set at the date of death. Broadly the estate is subject to 40% inheritance tax on the value above £325,000, assuming no gifts have been made in the 7 years prior to the death.

## What about "mining" activity?

Income received from mining activities is generally outside the scope of VAT on the basis that the activity does not constitute an economic activity for VAT purposes because there is an insufficient link between services supplied and consideration received.

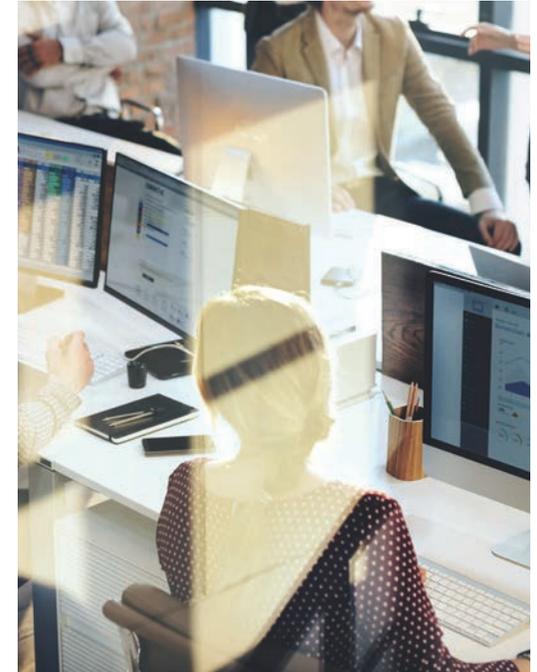
However, where someone is mining in a serious and organized way, it may result in them meeting the Badges of Trade and hence they would be chargeable to income tax and National Insurance.

## Taxation on issuing "digital tokens" – ICO (Initial Coin Offering)

The specific nature of the token needs to be ascertained.

## Income Tax - The issuing company

The issuing of tokens under an ICO would usually be treated the same way as an Initial Public Offering. This would be capital introduced and would not be taxable.



# United Kingdom

<b>Income Tax - Holders of tokens</b>	<p>TIf the nature of the rights conferred by the token means it is incorporeal property for capital gains tax purposes, then it should be an asset in its own right. However where the token is itself a cryptocurrency, the same tax treatment as for cryptocurrencies will apply.</p> <p>Also it could be argued that an ICO involves buying into a project in speculation whilst accepting a significant risk that it will not succeed. Depending on the facts, the risk involved could mean this is a transaction that is more akin to gambling rather than investment or trade and hence the profits would not be taxable income and losses would not be available to offset against other income.</p>
<b>Income Tax - Issuing tokens to employees</b>	<p>Unknown</p>
<b>VAT obligation for the issuing company</b>	<p>The VAT treatment of tokens depends on the nature of the tokens. For example, the issue of shares or securities for the purpose of raising capital falls outside the scope of VAT and hence if tokens are in substance comparable to shares or securities, their issue also falls outside the scope of VAT. However, if the tokens are themselves a new currency, their issue is treated in the same way as any sale of currency i.e. exempt. If the tokens do not equate to shares, securities or currency, then their issue would give rise to a supply for consideration and be taxable for VAT purposes. Where the tokens confer a number of different rights, then there may be one supply or multiple supplies.</p>
<b>Any other particularities about it?</b>	<p>N/A</p>



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# Uruguay

Please specify whether there is a tax regime in your country over cryptocurrency or virtual coins	There is <b>no specific regulation</b> in Uruguayan law. Goes by comparison or analogy with other taxable items like buying and selling company shares or investments.
Does Tax Administration request information about it?	To avoid <b>money laundering</b> , Tax Administration is requesting information to: <ul style="list-style-type: none"> <li>• Financial entities (banks)</li> <li>• Money exchange companies</li> <li>• some professions that act as fund managers (e.g, layers, accountants, public notaries)</li> </ul>
Is it considered as a way of payment or an investment asset?	Cryptocurrencies are accepted as a <b>way of payment</b> in Uruguay but not all companies use it.  Also, you can keep the virtual currency as an investment asset. The election between both definitions will depend in the use you give to the asset.
Special information for foreign investments	There are no specifications on this item.

## TAX BY TAX TREATMENT

<p><b>Corporate income tax</b></p> <ul style="list-style-type: none"> <li>• Taxable amount will be the exchange rate of the period.</li> <li>• Rate: 25% for companies.</li> </ul> <p><b>Personal income tax</b></p> <ul style="list-style-type: none"> <li>• Keeping cryptocurrency is not needed to pay taxes.</li> </ul>
<p><b>Value added tax (VAT)</b></p> <p>These operations are not subjected to VAT. (It is like having a bank account in dollars).</p>
<p><b>Wealth tax</b></p> <p>Virtual currency value is taxable as any other asset.</p>



# Uruguay

What about “mining” activity?	Companies or individuals who are doing “mining” activities with cryptocurrency are considered as <b>economic activity</b> subjects and they’re taxed for their economic activity in personal or corporate income tax. Nevertheless there is no regulation on this subject.
Taxation on issuing “digital tokens” – ICO (Initial Coin Offering):	There is no regulation on this subject
Any other particularities about it?	No other particularities must be taken into consideration.



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