Australian Government
Australian Taxation Office

Tax-smart 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 how you need to report income, a capital gain or loss and if you can claim deductions.

If you exchange crypto for goods, cash, or other crypto then it's likely a **disposal** for the purposes of capital gains tax (CGT), you may need to include a capital gain or loss in your income 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 to make tax time easier. If you traded crypto, we recommend you keep:

- receipts of purchase or transfer of crypto
- exchange records
- records when you move crypto to or from platforms or smart contracts
- records of agent, accountant and legal costs
- digital wallet records and keys
- dates of the transactions
- the value of the crypto in Australian dollars at the time of transactions
- what the transaction was for and who the other party was.

You can find out more at Keeping crypto records.

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

Buying (acquiring)	Owning (holding)	Selling (disposing)
• receipts of transactions, or • documents that display – 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	• 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	• receipts of sale or transfer • documents that display: – 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

Report crypto in your tax return

What you need to do:

- include airdrops and staking rewards as income (like bank interest) 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'.

You can work out your CGT using our CGT calculator and record keeping tool.

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

Report capital gains, losses, rollovers and exemptions

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

- exchange one crypto for another crypto asset
- trade, sell or gift crypto
- convert crypto to a fiat currency – for example, to Australian dollars.

If your crypto holding reduces during this transfer to cover the network fee, the transaction fee is a disposal and has capital gain 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 only transfer crypto from one wallet to another wallet while maintaining ownership of it, it's not a disposal for tax purposes.

Rollover and exemptions

There are exemption and rollovers that may allow you to reduce, defer or disregard your capital gain or capital loss.

Personal use assets

The longer you hold crypto, the less likely we consider it a personal use asset.

In most situations, crypto isn't a personal use asset and is subject to CGT when you dispose of it. However, limited exceptions apply.

A capital gain on a personal use asset is disregarded if you acquired the personal use asset for less than $10,000.

Crypto is a personal use asset if it's kept or used mainly to purchase items for personal use or consumption (see example 1).

Calculate CGT correctly

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

Calculate your CGT:

- Your total capital gain
- Minus any capital losses
- Minus your entitlement to any CGT discount on your capital gain.

Note: Before any calculating your capital gain or loss – convert your crypto purchases and disposals into fiat currency, such as Australian dollars.

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 2).

If you acquire crypto by exchanging it for other crypto, your cost base is the market value in Australian dollars at the time you purchased it (see Example 3).

Capital losses

If you dispose of your crypto for less than it cost you, you may have a capital loss, you can claim the current year net capital loss against capital gains.

Report the loss in your tax return so you have it available to offset future capital gains.

Example 1: personal use asset

Nikesh pays **$50** to acquire crypto each fortnight to buy computer games. Nikesh uses it in the same fortnight to enter directly into transactions (there's no conversation to a fiat currency first) to buy computer games. Nikesh doesn't hold any other crypto.

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 to buy the game. In these circumstances, the crypto (including the amount used through the online payment gateway) is a personal use asset for this isolated transaction.

Example 2: disposing of crypto assets purchased with fiat currency (a currency established by a country's government regulation or law)

Usha purchased 400 XRP for **$800** Australian dollars. A few days later Usha exchanged her 400 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 **$800** Australian dollars to purchase 400 XRP
- was charged **$5** for brokerage.

Usha's cost base is **$800 + $5**, which totals **$805**.

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 400 XRP for 2 ETH on 25 June 2021 at 1:30pm.

At the time of this transaction, the market value of 2 ETH was **$900** Australian dollars. Usha's capital proceeds is **$900**.

Usha subtracts her cost base **($805)** from her capital proceeds **($900)**, which results in a capital gain of **$95**.

Usha is not eligible for a discount or exemption.

Usha keeps a record of her net capital gain **($95)** to fill in her capital gains in her 2023 tax return.

Example 3: exchanging a crypto asset for another crypto asset

A few months later, Usha exchanged her 2 Ether (ETH) for 0.08 Bitcoin (BTC).

Usha's exchange records show she acquired 2 ETH on 25 June 2021 at 1:30pm for 400 XRP. At the time of the transaction, the XRP had a market value of **$900** Australian dollars.

Usha's exchange charges her a **$10** brokerage fee to trade 2 ETH for 0.08 BTC.

Usha's cost base is **$900 + $10**, which totals **$910**.

Usha's exchange provides a receipt for the acquisition 0.08 BTC but it doesn't include prices in Australian dollars. Usha's receipt shows she disposed of 2 ETH for 0.08 BTC on 13 July 2021 at 2:00 pm.

At the time of this transaction, the market value of 0.08 BTC is **$1,055**. Usha's capital proceeds from the exchange of 2 ETH for 0.08 BTC is **$1,055**.

Usha subtracts her cost base **($910)** from his capital proceeds **($1,055)**, which results in a capital gain of **$145**.

Usha isn't eligible for a discount or exemption.

Usha keeps a record of her net capital gain **($145)** to fill in her capital gains in her 2023 tax return.

Example 4: investment in crypto assets

Rose buys crypto with the intention of selling later at a favourable exchange rate. She decides to buy some goods and services directly with some of her crypto assets. Because Rose's intention was to use the crypto as an investment, the disposed crypto isn't a personal use asset.

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

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