

Crypto Taxes regulation worldwide

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If there is one thing that has taken shape in the crypto world so far in 2018 is the fact that regulating cryptocurrencies and crypto-related businesses has become a priority for most governments in the world. Regulating the crypto and ICO industry has begun in several countries across the globe. Some countries have welcomed them and provided an enabling environment for crypto businesses to prosper while other countries are the downright antagonist of the move.

In this article, we will take a look at the regulatory policies put in place by countries/regions [specifically for ICOs](#) and crypto exchanges.

Most countries around the world have adopted one of this three taxation models for crypto-related businesses and their funding process (ICO).

The three tax categories are;

Income tax: This tax applies to entities that do not operate as corporations and receive Bitcoin or other digital currencies as means of payment

Company tax: This taxation model applies to enterprise-grade operations that are huge and deal with a large number of cryptocurrencies. An example of this is the cloud-mining company, Genesis Mining.

Capital gains tax: The final taxation model is designed for traders and investors who have invested in digital currencies specifically with the aim of making gains from the market. Most countries categorize the [capital gains as either short-term or long-term gains](#) depending on the set criteria.

United States

In the U.S, the country's IRS has labeled cryptocurrencies **as assets and not as currencies**. Legally, this implies that crypto investment by traders and investors are subject to **capital gains tax**, either a short-term capital gain tax or a long-term one depending on how long the investors hold the crypto before cashing out.

Traders in the country who cash out after a year will contend with long-term capital gains tax rates usually at 0%, 15%, and 20%, depending on the users' tax bracket. Regulatory agencies in the country have also tightened their stance in the [ICO industry](#) as companies are now vetted before allowing them to conduct and ICO.

Canada

The Canadian Revenue Agency (CRA) declared that digital currencies **are commodities five years ago**. This implies that cryptos will be taxed either as a business income or as a capital gain.

Mexico: The regulatory agencies in Mexico are more open to the idea of Bitcoin and other cryptos. The regulatory framework in the country isn't finalized yet but the legislature is **working** on new measures.

UK

Back in 2014, the British government averted its earlier decision of imposing VTA tax on Bitcoin. The British HM now considers cryptocurrencies as **assets and not as currencies**. This means that cryptocurrencies will be taxed either via income tax or capital tax. Mining in the country has a capital tax rate of 20%.

Switzerland

In Switzerland, Bitcoin has officially been labeled as a **foreign currency**. There is no capital gains tax on most traders in the country.

The Netherlands

The Dutch government announced that it would be considering Bitcoin and other cryptos as **barter items, and not as currencies**. Traders in the country are only taxed based on their income tax rates.

Germany

Following the footsteps of the UK, Germany doesn't charge VAT tax on digital currencies. A trader that exceeds EUR 800 in capital gains will be charged **25% flat-rate** on his/her speculative gains. Crypto-related companies are charged with company taxes in Germany.

Italy

So far, Italy has zero taxation on cryptocurrencies and crypto-related businesses.

Russia

Russia is one of the countries that are open to the idea of ICO. Taxation laws for traders and businesses aren't set at the moment. The Russian President, however, has given the Russian Duma and **order to come up with a regulatory framework** that will guide exchanges and mining companies in the country.

China

China hasn't taken it lightly with cryptocurrencies. In the third quarter of last year, regulatory agencies in the country **banned crypto exchanges and Initial Coin Offerings (ICOs)** indefinitely. There are rumors that the government is looking to ban the possession of cryptos' altogether.

Japan

On July 1st, 2017, Japan categorized cryptocurrencies as **commodities**. The country ended its 8% consumption tax. However, traders and companies are still charged the usual income tax, capital gains tax, and company tax.

South Korea

Regulatory agencies in South Korea are currently looking at a wide range of taxation options. They include; value-added taxation (VAT), gift taxes, income tax, and capital gains tax.

Thailand

Bitcoin was first banned in the country in 2013 but the ban was lifted in 2014 though with several restrictions.

India

India has tightened its stance against crypto-related businesses so far this year. The clampdown is due to increase in crypto-related crimes such as money laundering, illegal activity proliferation, sponsorship of terrorism, tax evasion. Despite the clampdown, an outright ban of ICOs and exchanges isn't something the country will consider at this point.

Brazil

Brazil has already categorized cryptocurrencies as assets, thus companies and traders are taxed.

Venezuela

Venezuela is perhaps the first country that is seeking to boost its economic growth using cryptocurrencies. The development of their own oil-backed "petro" cryptocurrency is an indication that regulation in the country is engineered to make cryptocurrencies and crypto-related businesses prosper.

The regulatory agencies have also announced the compilation of a detailed registry of all miners in the country. At the moment though, there is no legal framework regarding company and trader taxation.

Nigeria

The Central Bank of Nigeria (CBN) had earlier placed a ban on cryptocurrencies in the country but the decision was reverted as the financial governing body admitted that it cannot control bitcoin the same way it cannot control or regulate the internet. CBN has, however, investors and traders in the country that Bitcoin and others are like a gamble and they wouldn't support any individual that loses his/her savings via crypto trading.

Ghana

There is a bill currently in the Ghanaian parliament which will allow for the use of cryptocurrencies by companies registered as electronic money issuers. The country is open to crypto-related businesses, with Ghanaian investment bank, Group Ndoum, suggesting to the Bank of Ghana to invest 1% of its reserve in Bitcoin.

South Africa

This is perhaps the progressive cryptocurrencies country in Africa. The regulatory bodies in the country back in July 2017 started working with Ban Ki Moon, a blockchain-based solutions provider as they aim to create a balanced approach to bitcoin regulation in the country. At the moment, there is no regulation guiding crypto-businesses and traders.

Crypto tax regulations differ from country to country. There are some countries where ICOs and other crypto-related businesses are welcomed such as Japan. In some countries like the U.S, the industry is regulated and taxes to be paid are being determined. Others such as China have completely banned ICOs and exchanges in the country.

To learn more about cryptocurrencies and how they work, kindly browse through our site and gain access to some amazing content.