Australian Government
Australian Taxation Office

Taking the cryptic out of crypto this tax time

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Taking the cryptic out of crypto this tax time

The Australian Taxation Office (ATO) wants taxpayers with crypto assets to make sure they know their obligations so they can lodge right the first time this tax time.

Assistant Commissioner Tim Loh explains “We know crypto assets and their tax implications can seem complicated. That’s why our focus is on helping people get it right.”

“Over one million taxpayers will have a message appear as a reminder when they prepare their tax returns saying they may have capital gains or capital losses from crypto to declare” said Mr Loh.

Generally, crypto is considered an asset for capital gains tax (CGT) purposes and you must report when there has been a disposal of a crypto asset, which is generally when you no longer own the asset including:

- trading, selling or gifting crypto
- exchanging one crypto asset for another crypto asset
- converting crypto to a fiat currency, for example to Australian dollars (AUD)
- using crypto to obtain goods or services.

When the disposal of a crypto asset occurs, investors may have a capital loss or a capital gain, which needs to be included in their tax returns. All records for crypto transactions need to be kept to work this out.

If an investor holds onto a crypto asset for 12 months or more, they may be eligible for a 50% CGT discount.

If there is a capital loss

A capital loss can only be made when an asset is disposed of and must be reported in the year they occur. Paper losses can’t be claimed when an asset decreases in value. Capital losses can't be offset against other income like salary or wages but can be used to offset against capital gains from the current financial year or be carried forward to offset capital gains in future financial years.

Find out more at [How to work out and report CGT on crypto](#).

Income from crypto assets

If income from crypto, such as airdrops or staking rewards, is received it also needs to be included in tax returns at Other income.

"Whether you receive income in the form of Australian dollars or crypto assets, you need to make sure the correct information is included in your tax return" Mr Loh said.

Record keeping

Investors need to keep details for each crypto asset as they are separate CGT assets.

"Keeping good records gives the ATO confidence you are reporting correctly and can reassure you that you are claiming everything you are entitled to" Mr Loh said.

"It's vital that you keep accurate records including dates of transactions, the value in Australian dollars at the time of the transactions, what the transactions were for, and who the other party was, even if it's just their wallet address."

Find out more at [Keeping crypto records](#).

Data matching

The ATO can track money trails back to taxpayers through data from banks, financial institutions and crypto asset online exchanges.

"We are able to match this data to individuals transacting in crypto assets, so don't forget to include gains and losses in your tax return" Mr Loh said.

The ATO uses this data to help educate investors on the tax obligations and remind them to include crypto transactions on their tax return.

Those who correct their return won't receive any penalties; however, anyone choosing not to act may receive further scrutiny and an audit of their affairs, either before or after their notice of assessment issues. This may also delay the processing of tax returns and any refunds that are due.

Find out more at [ato.gov.au/crypto](#)

For journalists

The ATO recently issued a media release warning taxpayers to not engage in 'asset wash sales' to artificially increase their losses and reduce gains or expected gains.

Wash sales are a form of tax avoidance that the ATO is focussed on this tax time.

Find out more at Wash sales: The ATO is cleaning up dirty laundry.

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