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QC 69947

Crypto asset transactions

Most activities involving crypto assets count as transactions and can trigger a CGT event.

Last updated 22 June 2026

Transactions amounting to a CGT event

A CGT event happens when you dispose of your crypto asset.

If there is a CGT event, you may make either a capital gain or capital loss on the disposal of the crypto asset. If you make a capital gain, you may pay tax on it.

A transaction involving a disposal takes place when you do any of the following:

- sell a crypto asset
- gift a crypto asset
- trade, exchange or swap a crypto asset for another crypto asset
- convert a crypto asset to Australian or foreign currency (otherwise known as 'fiat currency')
- buy goods or services with a crypto asset.

Other rules may apply depending on how you're using crypto assets for business transactions.

Our crypto asset data-matching program matches what you report in your tax return with data on crypto asset transactions and accounts

from designated service providers. This helps us identify the buyers and sellers of crypto assets and quantify transactions.

For a summary fact sheet about crypto assets, go to the ATO Publication Ordering Service to download Tax and crypto asset investments (NAT 75362, PDF 280KB).

Valuing crypto assets in Australian dollars

You need to know the value of your crypto asset to determine if you make a capital gain or capital loss on the CGT event happening.

To work out the value of your crypto assets when you acquire or dispose of them you will need to convert their value to Australian dollars. From 1 January 2020, the ATO has used the exchange rates from the Reserve Bank of Australia. If you need daily foreign exchange rates, refer to Reserve Bank of Australia – Exchange rates. If you use a foreign exchange rate for currency not listed, you may use any reasonable externally sourced exchange rate for that currency. For more information go to Foreign exchange rates.

You will need to keep crypto asset transaction records. You can then work out your CGT using our online calculator and record keeping tool.

QC 69948

Crypto to crypto exchange or swap

How CGT applies when exchanging or swapping one crypto asset for another.

Last updated 22 June 2026

Market value of new crypto asset at exchange or swap

When you exchange or swap one crypto asset for another crypto asset, you dispose of one CGT asset and acquire another. Therefore, a CGT event happens to your original crypto asset.

Because you receive property instead of money, you need to work out the market value of the crypto asset in Australian dollars.

Example: market value of new asset determines old asset's disposal proceeds

Katrina acquires 100 Coin A for $15,000 on 5 July 2025.

Katrina decides to exchange 20 Coin A for 100 Coin B through a reputable digital asset exchange on 15 November 2025.

Using the exchange rates shown on the digital asset exchange at the time of the transaction, the market value of 100 Coin B was $6,000.

Therefore, Katrina's capital proceeds are $6,000 for the disposal of 20 Coin A. Katrina uses this amount to work out her capital gain for the CGT event.

Market value of existing crypto asset at exchange or swap

If you can't determine the value of a crypto asset you receive in a crypto asset exchange or swap, use the market value of the crypto asset you're disposing of to work out the capital proceeds.

Example: market value of old crypto asset determines its disposal proceeds

Katrina acquires 100 Coin A for $15,000 on 5 July 2025.

Katrina decides to exchange 20 Coin A for a new coin, Coin D, before it is listed on a digital exchange. Katrina acquires 100 Coin D in the exchange on 15 November 2025.

At the time of the transaction, Coin D doesn't have a market value. Katrina uses the market value of Coin A on the digital asset exchange at the time of the transaction.

The market value of 20 Coin A at the time of exchange was $5,000.

Therefore, Katrina's capital proceeds are $5,000 for the disposal of Coin A. Katrina uses this amount to work out her capital gain for the CGT event.

QC 69949

Non-fungible tokens

How tax applies to transactions involving non-fungible tokens, another type of crypto asset.

Last updated 22 June 2026

What is a non-fungible token?

A non-fungible token (NFT) involves similar digital technology as other crypto assets. However, a non-fungible token isn't interchangeable in the same way as crypto coins or tokens.

NFTs typically record ownership of digital pictures or artworks, video clips, memes and items used in online games.

You can use an NFT to represent an ownership interest in any tangible or intangible asset. This occurs even where you store the asset outside of a digital ledger.

Income tax and NFTs

The tax treatment of an NFT depends on:

- your circumstances
- the way you use the NFT
- your reasons for holding and transacting with the NFT.

You may pay income tax on the NFT:

- as a CGT asset under the capital gains tax (CGT) regime
- on revenue account as trading stock

- as part of a business
- as a profit-making scheme.

As with other types of crypto asset, in rare circumstances you could hold an NFT as a personal use asset.

If your crypto asset is a traditional cryptocurrency (such as Bitcoin), see Crypto asset as a personal use asset.

Example: personal use NFT for art and private viewings

Kim, a professional artist, paints a portrait of a famous Australian and decides to create 10 NFTs, each of which provides the right to one, 4-hour, private viewing of the portrait in her gallery each year for up to 20 people.

Jo is a relative of the portrait's subject. She buys the NFT and uses the private viewing to celebrate the subject's birthday with close family and friends every year.

For Jo the NFT is a personal use asset.

Example: personal use NFT for gaming rewards and transactions

Jude, a gamer, acquires and uses NFTs which are cards in an online game.

While playing the game Jude acquires cards as a reward for winning games. These are also used by Jude in the game. Jude can buy and sell these cards on a marketplace associated with the game.

For Jude the NFT cards used in the game are personal use assets. As Jude doesn't have any rights to the artwork on the cards, they are not collectibles.

Example: NFT as part of a business

Kim, a professional artist, paints a portrait of a famous Australian and decides to create 10 NFTs, each of which provides the right to one, 4-hour, private viewing of the portrait in her gallery each year for up to 20 people. On subsequent transfers of the NFTs to new owners, the digital contract allocates part of the proceeds to Kim as a commission.

Kim retains all other rights associated with the painting.

The proceeds of the initial sale of the NFTs are assessable as business income to Kim. While she remains in business, any commissions received would also be business income. If Kim stopped carrying on the business, the commissions would still be assessable as her ordinary income.

The treatment in the hands of the owners depends on how they make use of the NFT.

Example: NFT as a capital asset of a business

Kim, a professional artist, paints a portrait of a famous Australian and decides to create 10 NFTs, each of which provides the right to one, 4-hour, private viewing of the portrait in her gallery each year for up to 20 people.

Osman buys one of Kim's NFTs. In running a tour business, he plans to use the private viewing of the portrait as part of an annual art tour of the region.

The NFT is a capital gains tax asset of the business.

GST and NFTs

Under the GST rules, an NFT isn't a form of digital currency. The GST treatment of an NFT depends on whether your transaction meets the requirements of being either a taxable or GST-free supply.

If your entity operates an NFT marketplace as an electronic distribution platform (EDP), you are responsible for GST on NFT sales that you facilitate for offshore sellers to Australian consumers. For more information, see GST on imported services and digital products.

QC 66097

Staking rewards and airdrops

How tax applies to crypto rewards and new tokens from staking crypto assets.

Last updated 19 August 2026

Staking and the role of forgers

Staking involves locking your existing crypto asset tokens to validate transactions on the blockchain and create new blocks. The users who create new blocks in this system are known as forgers.

Proof of stake is a consensus mechanism, where forgers hold units of a crypto asset to validate transactions (like a miner on a proof of work blockchain) and create new blocks. When a transaction is verified on the network as valid there is a consensus.

Example 1: staking existing crypto assets

Anastasia holds 50,000 Coin A tokens, which she stakes to a Coin A pool as a premium staker.

Anastasia receives additional Coin A tokens when her pool participates in consensus. Anastasia also receives a small payment of Coin A tokens from the node leader for supporting their node.

The money value of the additional Coin A tokens that Anastasia receives is included in her ordinary assessable income at the time she receives the tokens.

The cost base of Anastasia's additional Coin A tokens is their market value at the time she receives them.

Staking rewards and income tax treatment

As a forger who creates a new block, you'll usually receive a reward in the form of additional tokens from holding the original tokens. The money value of additional tokens is **ordinary income** at the time you receive the tokens. You need to declare the income in your tax return as other income.

Other consensus mechanisms that reward existing token holders for their role in maintaining the network have the same tax outcome. This includes rewards you receive through:

- proof of authority and proof of credit mechanisms by validators
- agent nodes and guardian nodes
- premium stakers and other entities performing comparable roles.

You also receive **ordinary income** equal to the money value of the tokens if you receive as a reward for either:

- participating in 'proxy staking'
- voting your tokens in a consensus mechanism.

You also need to declare this income in your tax return as other income.

When you dispose of crypto assets you earn through staking, you will need to work out if you make a capital gain or loss.

Airdrops and income tax treatment

An airdrop of a crypto asset may be made to you because you hold a certain digital asset in your crypto wallet and are being rewarded for holding that asset over a given period. For example, an early investor in a crypto project may be provided with some airdropped crypto assets for marketing purposes to encourage them to participate in a new project.

When you receive an airdrop, you may be required to perform actions like using the platform or service, signing up for newsletters and

mailing lists or holding crypto assets for a specified period. For other airdrops, you may simply have the crypto asset 'dropped' into your crypto wallet with no further action required.

You may also receive an airdrop of a crypto asset:

- in return for goods or services
- from participating in a hobby or entertainment activity
- as a gift or windfall gain
- as a result of a scam.

Ordinary income – crypto asset received as reward for goods and services

If you receive airdropped crypto assets in return for the provision of goods or services, you will include the market value of the airdropped crypto assets in your assessable income as ordinary income.

If you include the market value of airdropped crypto assets in your assessable income as ordinary income, those crypto assets will have a cost base equal to the market value of the crypto assets on the day they were received.

CGT consequences

A crypto asset you receive from an airdrop is a separate CGT asset from any underlying crypto asset that may have entitled you to the airdrop.

If you are not carrying on a business of crypto asset trading and you do not receive the crypto asset as a reward for goods or services or as part of another income-producing activity, you do not include its market value in your assessable income.

A CGT event may occur when you later deal with the crypto asset received from an airdrop.

For more information, see Crypto asset transactions and Decentralised finance and wrapping crypto.

Hobby versus business

If you receive an airdropped crypto asset as a result of engaging in a hobby or entertainment, you do not need to include the market value

of the crypto asset you receive in your assessable income. No deduction is available for any of the costs you incur that are associated with participating in the hobby or entertainment.

Valuing crypto assets received from an airdrop

Where a crypto asset is airdropped to you, the first element of the crypto asset's cost base is the market value of the crypto asset when it is received. If the asset has no or negligible value at that time, the first element of the cost base will generally be nil.

Example 2: airdrop of new crypto assets received as a reward for services

Bobbi is a well-known social media personality and influencer and generates income from promoting and reviewing services and products. Bobbi has over 500,000 social media followers.

Bobbi spends most of her day receiving, reviewing, posting and re-posting reviews of the products and services she receives as well as keeping her social media followers engaged with photos and updates.

Bobbi's income includes cash payments she receives for the direct promotion and 'liking' of goods and services on social media platforms as well as the market value of rewards she receives from entities as a result of her activities.

As part of the launch of a new crypto asset platform, Bobbi receives 100,000 'cooler coins' as a reward for her actively promoting the coins to her social media followers. At the time Bobbi receives the 'cooler coins' they have a market value of AUD $0.001 each.

Bobbi should include the market value of the 'cooler coins' of $100.00 (100,000 x $0.001) in her assessable income in the income year in which they are received.

Bobbi's 'cooler coins' will have a cost base of AUD $0.001 each.

Example 3: airdrop of established crypto assets received from a hobby or entertainment

Carlos is a full-time university student who likes to spend a lot of his spare time gaming online.

Carlos has been enjoying a new game that rewards players with both in-game rewards and 'game coin'. Players can purchase further 'game coin' using other crypto assets or fiat currency. Players can use the 'game coin' to purchase weapons and improve their character's skills and success in the game to earn more 'game coin'.

Carlos has spent over $1,000 purchasing 'game coin' during the income year.

Carlos has received rewards of 50,000 'game coin' which he has used to improve his character's standing in the game.

The average market value of 'game coin' during the income year is AUD $0.0002.

Carlos's playing of the game and the generation of the 'game coin' is as a result of a hobby or entertainment. Carlos is not carrying on a business.

Carlos does not need to include the market value of the 'game coin' he receives in his assessable income.

Carlos cannot claim a deduction for the game coin he has purchased during the income year as the expenditure was not incurred in gaining or producing his assessable income.

Example 4: offer of airdropped crypto assets from a phishing scam

Divina holds crypto assets on multiple crypto platforms.

Divina doesn't regularly trade her crypto assets but enjoys picking what she considers to be undervalued crypto assets and then watching their value increase.

Divina holds her crypto assets on capital account.

Divina receives an email telling her she has won 2,000,000 'dodgy coin' but she needs to 'click the link' to go to the issuer's website to claim them. While 'dodgy coin' does exist, Divina suspects the email is a phishing scam.

Divina does not click the link to receive the allocation of ‘dodgy coin’ and deletes the email. The ‘dodgy coin’ never appears in Divina’s wallet.

Divina does not need to include the market value of ‘dodgy coin’ in her assessable income for the income year, nor has she acquired any ‘dodgy coin’ as a CGT asset.

Example 5: airdrop of new crypto asset received without recipient’s knowledge

Eloise holds crypto assets on multiple crypto platforms. Eloise is not carrying on a business of crypto asset trading. She holds the crypto assets on capital account.

Eloise checked her wallet on one of the platforms and discovered that she had received 10,000 ‘freebie coins’.

The 'freebie coins' were issued to Eloise’s wallet as the issuer decided to issue them to randomly selected wallet holders on the platform as a promotional exercise. Eloise did not do anything in order to acquire the ‘freebie coins’.

At the time Eloise received the ‘freebie coins’ in her wallet they were valued at AUD $0.05 each.

When Eloise disposes of the ‘freebie coins’, she will need to include any net capital gain in calculating her assessable income for the income year. The cost of her ‘freebie coins’ will be their market value on the date she received them. If Eloise does not want the ‘freebie coins’ and incurs expenses in rectifying her wallet, these will be included in the cost base of the ‘freebie coins’. When she disposes of the ‘freebie coins’, the costs she incurred in rectifying her wallet will be included in calculating whether she made a capital gain or capital loss.

For more information, see Draft Taxation Ruling TR 2026/D1 *Income tax: receipt and disposal of crypto assets by an airdrop*.

QC 69950

Crypto asset transactions with gift cards or debit cards

How tax applies to crypto asset transactions involving gift cards or debit cards.

Last updated 22 June 2026

Transactions using gift or debit cards

You can use crypto assets in various ways, including transactions using gift cards or debit cards. This may include:

- using crypto assets to acquire a gift card
- loading or topping up a gift or debit card using crypto assets
- using a gift or debit card that is denominated in crypto assets.

If you acquire a gift card or debit card, which is then used to purchase items for personal use or consumption, you need to work out if your crypto asset qualifies as a personal use asset. For more information, see Crypto asset as a personal use asset.

Acquiring a gift card

A CGT event happens where you use crypto assets to acquire a gift card.

The CGT event happens irrespective of whether the gift card is denominated in Australian Dollars (AUD) or crypto assets. The capital proceeds for the CGT event equal the market value of the gift card when it is acquired.

Example: acquiring a gift card with crypto assets

Raj buys 50 ABC tokens for $50. Raj later uses these tokens to buy a $100 gift card.

A CGT event happens when Raj buys the gift card, as he disposes of 50 ABC tokens in exchange for the gift card.

Raj has a capital gain of $50.

Loading or topping up a gift or debit card

A CGT event happens when loading or topping up a gift or debit card using crypto assets.

For example, if you transfer crypto assets to the digital wallet of the gift or debit card provider for loading or topping up, this is a disposal of the crypto asset for CGT purposes. The proceeds for the CGT event equal the amount by which the available balance of the card is increased. That is, the value associated with loading or topping up of the card.

Example: loading a debit card using crypto assets

Yindi has a debit card that is linked to her crypto wallet. Yindi uses her debit card to buy a television for $2,000.

The debit card provider draws crypto assets from Yindi's crypto wallet and converts them to AUD to pay to the merchant.

The capital proceeds for the disposal of crypto assets are $2,000.

Gift or debit cards denominated in crypto assets

Where a gift or debit card is denominated in crypto assets, the AUD value of the available balance changes as the price of the crypto asset changes. In these circumstances, you must calculate if a capital gain or capital loss (or neither) results from transactions using the card.

Example: using a gift card denominated in crypto assets

Olivia has a gift card denominated in XRP (a type of crypto asset). Olivia paid 500 XRP to buy the gift card and it has an available balance of 500 XRP.

At the time Olivia bought the gift card, XRP had a market value of $1.

Olivia uses the gift card to buy a guitar costing 400 XRP.

At the time Olivia buys the guitar, XRP had a market value of $0.95. Olivia has a capital loss of $20 and a remaining balance of 100 XRP on the gift card.

QC 73646

Crypto asset prizes and gambling winnings

How tax applies to prizes and gambling winnings you receive in crypto assets.

Last updated 22 June 2026

Tax on crypto asset prizes and gambling winnings

You may acquire or dispose of crypto assets through gambling or by winning a prize.

The following amounts you receive are generally not considered as ordinary income:

- prizes won in ordinary lotteries, for example lotto draws and raffles
- prizes won in game shows, excluding regular appearance fees or game-show winnings.

For CGT purposes, don't include capital gains and capital losses you make directly from:

- winnings or losses from gambling
- a game or a competition with prizes.

Disposing of crypto asset winnings

If you win a crypto asset, you may subsequently hold it as an investment. If you dispose of it, your crypto investment may be subject to CGT. You are likely to make a capital gain or capital loss on the disposal.

The cost base of the crypto asset is its market value at the time you won it.

Example: crypto asset won in a lottery is held as investment

Anwar pays $100 for tickets in an online lottery where the prize is crypto assets. Anwar wins the lottery prize of $20,000 worth of crypto assets. The winnings from the prize are not ordinary income and any capital gain is disregarded.

Anwar's cost base for the crypto assets is $20,000.

Anwar holds onto the crypto assets for investment purposes, ultimately disposing of them 2 years later for $30,000. Anwar calculates a capital gain of $10,000 because of the disposal. As Anwar held the crypto assets for at least 12 months, he will be able to apply the CGT discount.

Assuming Anwar has no capital losses to apply, his net capital gain will be $5,000.

QC 73647

Gifts and donations of crypto assets

How tax applies to transactions when you gift or donate crypto assets or receive them as a gift.

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Giving a gift or donation in crypto

When you gift or donate crypto assets, you are disposing of them. Donating crypto assets is a CGT event, similar to any other disposal of an asset.

You need to know the value of your crypto assets at the time you gift them to determine if you make a capital gain or capital loss on the CGT event.

If you donate crypto assets, you need to:

- find out if the receiving organisation or fund is set up to accept crypto assets
- transfer the crypto assets into the recipient's legal name.

To claim a tax deduction for a gift or donation of a crypto asset, it must meet:

- the gifts and donations conditions
- gift types, requirements and valuation rules.

You can only claim a tax deduction for gifts or donations to organisations that have a status as a deductible gift recipient (DGR). You can't claim tax deductions for gifts or donations made to social media or crowdfunding platforms unless the recipient of the gift or donation has DGR status. You can check the DGR status of an organisation at ABN Look-up: Deductible gift recipients.

Generally, you don't pay tax on your capital gains when donating crypto assets to DGRs, if:

- the gift is made under a will (testamentary gifts) – however, you can't claim a tax deduction

- you are donating under the Cultural Gifts Program
- the crypto assets are personal use crypto assets.

You will need to keep crypto asset transaction records, including the date you give or donate the crypto assets and their market value at the time. You can then work out and report the CGT on your crypto assets.

Receiving a gift or donation in crypto

If you receive crypto assets as a gift, there are no CGT implications at the time you receive them. However, if you later dispose of or transact with the crypto assets, a CGT event may happen.

As an organisation accepting donations in crypto assets, you need to check your organisation has the capacity to receive crypto.

Regardless of what you do with your crypto assets, you will need to keep records. Most importantly, from when you receive the crypto assets as a gift, you should keep a record of:

- the date of receipt
- the number and type of crypto received
- the market value at the time of receipt.

You will also need to check that the ownership of the crypto assets is transferred into your legal name.

QC 69687

Loss or theft of crypto assets

Evidence you'll need to claim a capital loss if your crypto asset is lost or stolen.

Last updated 22 June 2026

Work out if crypto asset is lost or stolen

If your crypto asset is lost or stolen, you can claim a capital loss if you can provide evidence of ownership.

You need to work out if:

- the crypto asset is lost
- you have evidence of your ownership
- you have lost access to the crypto asset.

Generally, where you can recover an item, it is not lost. For example, you can recover crypto assets by extracting data from a hard drive. However, you can't recover a lost private key.

If you can't replace the item, then you can claim a capital loss, which you can use to reduce any capital gains. If you receive a compensation or insurance payment because your crypto asset is lost or stolen, you must reduce your capital loss by the amount you receive. You will make a capital gain if your compensation exceeds the cost base of the lost asset.

You may be able to choose to rollover any capital gain, if:

- you receive compensation for the loss of a crypto asset
- acquire another crypto asset within a year of the end of the income year (or within a longer period allowed by the Commissioner in special circumstances).

This allows you to defer any capital gain arising from the loss of the original asset.

Example: claim a capital loss from lost crypto asset

Alex purchased 2 Ethereum (ETH) on 10 January 2025 for $2,672. On 21 May 2026, Alex discovered they'd lost the private key and were unable to recover access to the ETH.

Assuming Alex could prove that they had owned and lost the ETH (see Lost private key), they would be entitled to claim a capital loss of $2,672 (being the reduced cost base of the ETH) in their 2025–26 income tax return.

Lost private key

If you lose your private key, you lose access to your crypto assets. To claim a capital loss, you'll need to have evidence to show your ownership. For example, evidence of the:

- public key
- date you acquired the private key
- date you lost the private key
- digital wallet address for the private key
- cost to acquire the crypto assets in the digital wallet
- value of the crypto assets in the digital wallet at the time the private key was lost
- digital wallet being in your control (for example, you can link transactions to your identity)
- hardware that stores the digital wallet in your possession
- transactions from a digital currency exchange where you have account verification or it's linked to your identity.

QC 69951

Crypto exchanges and platforms under administration

What happens if a crypto exchange or platform goes into external administration.

Last updated 22 June 2026

Crypto asset exchanges and platforms

A crypto exchange or platform can be used to buy, sell or hold crypto assets.

If you invest in crypto assets and the exchange or platform that holds your investment goes into external administration, it may trigger a capital gains tax (CGT) event. Generally, the CGT event will occur when the administration is finalised.

Types of external administration

External administration includes:

- voluntary administration
- restructuring
- liquidation (winding up).

When the external administration is finalised

When the external administration is finalised, you may have a total loss or you may receive a distribution. Depending on the situation, you may have either a:

- Capital loss
- Capital gain.

Capital loss

You will need to work out if you have a capital loss under the CGT rules. You can't work out your capital loss until the CGT event happens. This usually occurs when the external administration is finalised.

You can use a capital loss to reduce a capital gain, but not to offset against other income.

Example: crypto asset exchange enters into administration – capital loss

Omar invests $12,000 of crypto assets and fiat currency into a crypto asset exchange in 2025. Omar receives notice that the exchange has gone into external administration. As a result of the external administration, Omar receives a distribution of 35c per

dollar value of crypto asset and fiat currency (at the date of external administration).

At the date of administration, Omar's market value of his interest in the crypto asset exchange was $10,000. Omar receives $3,500 ($10,000 × $0.35) from the crypto asset exchange under the external administration.

When the administration ends, Omar calculates his capital loss to be $8,500. That is:

- $12,000 (cost of the crypto assets at the time of investment) minus $3,500 (his distribution from the administration).

Capital gain

When the administration is finalised, you may receive a distribution. If the distribution exceeds the cost base of your asset, you'll make a capital gain. The distributions you receive from the administration will need to be included in your tax return for the year you receive them.

Example: crypto exchange goes into administration – capital gain

Melanie invests $5,000 in both crypto assets and fiat currency in a crypto asset exchange. The company that operates the exchange goes into administration. Melanie's investment was worth $10,000 at the date of administration.

The company entered an arrangement with its creditors. Under the arrangement, all the company assets at the date of administration were transferred into a creditors' trust. The creditors of the company became beneficiaries under the trust. There is no CGT event for Melanie when the company restructured, when the assets were devalued downwards or when Melanie became a beneficiary.

Melanie will receive distributions from the trust totalling 70c per dollar of what her investment is worth at the date of administration. She receives payment as follows:

- an initial distribution in the first year of 45c per dollar:

  $4,500 ($10,000 × $0.45)

- interim distributions over a period of 5 years of the other 25c per dollar:

  $500 ($10,000 × $0.25 ÷ 5)

After the initial distribution of $4,500, Melanie's cost base of the CGT asset is $500 ($5,000 investment – $4,500 initial distribution).

When Melanie receives the first interim distribution of $500 her cost base is reduced to zero ($500 remaining cost base - $500 interim distribution).

Each subsequent distribution in years 2 to 5 is a CGT event which results in a capital gain of $500. From this point Melanie will include each capital gain in her tax return in each year she receives the distribution.

QC 105528

Crypto asset payments relating to employment or services

How to treat employment-related crypto asset payments you receive from your employer or a third party.

Last updated 22 June 2026

Crypto asset payments from your employer

If you receive crypto assets as payment directly from your employer for your employment or services, you must treat the payment as assessable income. When you receive the crypto asset, keep a record of the market value in Australian dollars (AUD). Add this amount to your assessable income when you complete your tax return.

If you receive a crypto asset payment from your employer, they must still meet PAYG withholding and superannuation obligations for these

payments.

If you receive crypto assets from your employer under a salary sacrifice arrangement, see Crypto assets used in business.

Crypto asset payments from a third party

If you receive a crypto asset payment from a third party that relates to your employment or services, you must treat the payment as assessable income.

A third party is an entity that is not your employer. For example:

- a company you worked with in the course of your employment
- an event sponsor
- an individual fan or supporter.

Receiving a crypto asset payment from a third party that relates directly to your employment or services is different to receiving a gift or donation of crypto assets. When the payment is clearly related to your employment, it isn't a gift or donation. You must treat it as assessable income.

When you receive the crypto asset from the third party, keep a record of the market value in Australian dollars (AUD). Add this amount to your assessable income when you complete your tax return.

Example: payment from third party is assessable income and not a gift

Olivia is employed as a professional basketball player. Her team advertises an address where fans can send Bitcoin (BTC) to Olivia in appreciation of her performances on the court.

Fiona is a fan who enjoys watching Olivia play and sends her 0.10 BTC in response to Olivia's performance on 20 January 2026.

Olivia includes the market value of the 0.10 BTC (at 20 January 2026) as assessable income in her 2025–26 tax return as 'other income'. Olivia's cost base for the 0.10 BTC will be the same amount as the income she declares.

The payment from Fiona isn't a gift as it directly relates to Olivia's employment of playing professional basketball.

When Fiona disposes of the 0.10 BTC, she must calculate if she has a capital gain or capital loss. This is based on whether the price of the BTC is higher or lower than when she acquired it.

Example: crypto asset payment from a third party

Dean works for a blockchain startup called BlocLync. He works on a joint project between BlocLync and another company called ABYZ Pty Ltd. Dean doesn't work for ABYZ Pty Ltd directly so they are considered a third party.

ABYZ Pty Ltd is impressed with Dean's contribution and wants to reward him for his efforts. ABYZ Pty Ltd sends Dean 0.5 ETH directly to his personal wallet.

Dean keeps a record of the market value of the 0.5 ETH in AUD at the time he receives it. He adds this amount into his assessable income for the income year when he completes his tax return.

Disposing of the crypto asset payment

If you dispose of a crypto asset from your employer or the third party, you may trigger a capital gains tax (CGT) event and have a CGT obligation.

You calculate any capital gain or capital loss when you dispose of the crypto asset. You will need to work out the cost base of the asset. In circumstances where you have received the crypto asset without payment, the first element of the cost base will usually be the market value of the asset at the time you received it.

For more information, see Calculating your CGT.

QC 105527

Crypto asset transactions and tax residency

How tax residency and income source affects the tax you pay on crypto asset transactions.

Last updated 22 June 2026

Australian resident for tax purposes

If you're an Australian resident for tax purposes but not also a temporary resident, you must pay tax in Australia on all of your income and capital gains from crypto assets. This applies regardless of where they are sourced.

Foreign resident for tax purposes

If you're a foreign resident for tax purposes or an Australian or foreign resident who is also a temporary resident and you make Australian-sourced income from a crypto asset transaction, you need to pay tax in Australia on that income.

Crypto assets don't have a physical location. You will need to determine the source. To do this you need to look at the relevant facts, including:

- where the activity, trade, employment or service was performed
- location of the platform or exchange
- location of payer and payee.

Keep records relating to any income you receive from crypto assets.

Example: Australian-sourced income from crypto assets

Malcolm is a Scottish resident for tax purposes. His daughter, who lives in Australia, acts as his agent and portfolio manager. She executes a high volume of sophisticated crypto asset trades on his behalf.

Malcolm provides the capital for these trades and receives a portion of the profits, while his daughter performs all the trading activities from Australia. He derives this income from these transactions on revenue account.

Because the trading is conducted in Australia, the income Malcolm earns from these transactions is considered Australian-sourced income. As a result, Malcolm is liable to pay tax in Australia on this income.

Foreign residents and CGT from crypto assets

If you're a foreign resident for tax purposes, or an Australian or foreign resident who is also a temporary resident, you may have to pay capital gains tax (CGT) in Australia for crypto assets that are taxable Australian property (TAP). A crypto asset may become TAP where you stop being an Australian resident and choose to disregard a capital gain or capital loss made under CGT event **I1.**

If you're a resident of a country that has a tax treaty with Australia, you will need to consider if a treaty applies to your circumstances. For more information, see Foreign residents and capital gains tax.

Example: ceasing to be an Australian resident

Emma is an Australian resident for tax purposes living in Australia. During this time she spends $10,000 to buy Bitcoin. Then 2 years later, Emma permanently relocates overseas and stops being an Australian resident.

Emma needs to work out the market value of the Bitcoin on the date she stops being an Australian resident. Emma uses a reliable source to work out the market value of her Bitcoin as $22,000.

CGT event **I1** happens in relation to the Bitcoin. Emma makes a capital gain of $12,000 ($22,000 market value − $10,000 cost base) in the income year she stops being a resident.

Emma has the option of disregarding the capital gain at that time. If she does this, her Bitcoin will be taken to be taxable Australian property with a cost base of $10,000.

Emma chooses to disregard the $12,000 capital gain at the time she stops being an Australia resident. However, 3 years later Emma sells her Bitcoin for $52,000. Emma's capital gain is calculated as:

- $52,000 (capital proceeds) − $10,000 (cost base) = $42,000 (capital gain).

Emma will need to pay CGT in Australia on her capital gain on the disposal of her Bitcoin. She will need to consider whether her country of residence has a tax treaty with Australia and how this applies to her circumstances.

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