# Transactions – acquiring and disposing of crypto assets

Activities that amount to crypto asset transactions and how to treat your crypto asset investments for tax purposes.

## Crypto asset transactions

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

## Crypto to crypto exchange or swap

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# Crypto asset transactions

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

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> [Valuing crypto assets in Australian dollars](#)

## 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.

## 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.

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# Crypto to crypto exchange or swap

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

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## 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 2024.

Katrina decides to exchange 20 Coin A for 100 Coin B through a reputable digital asset exchange on 15 November 2024.

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 2024.

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 2024.

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.

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# Non-fungible tokens

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

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## What is a non-fungible token?

A non-fungible token (NFT) involves similar digital technology as other crypto assets. However, a non-fungible token is not 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 ceased 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 is not 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**.

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# Staking rewards and airdrops

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

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## 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: 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

Airdrops are a marketing tool that distribute crypto assets through a group of people to build their use and popularity. Some projects 'airdrop' new tokens to existing token holders as a way of increasing the supply of tokens.

The money value of an established token you receive by airdrop is **ordinary income** at the time you receive it. You need to declare this in your tax return as other income.

### Example: airdrop tokens and market value

Merindah has held Coin A tokens since December 2024, entitling her to receive monthly BTT airdrops from February 2025.

The money value of the Coin B tokens that Merindah receives for holding her Coin A tokens is ordinary assessable income.

The cost base of Coin B tokens that Merindah receives by airdrop is their market value at the time she receives them.

## Initial allocation airdrops

A crypto project may make an initial airdrop of tokens that is the very first distribution of its tokens. These tokens are the initial allocation, if there has been no trading in the project's tokens prior to the airdrop.

If you receive tokens distributed in an initial airdrop you do not derive ordinary income or make a capital gain at the time you receive them.

Where the project issues these tokens for free (without any payment made for the tokens), they have a cost base of zero ($0). These tokens don't have a market value at the time of the initial airdrop because they have not previously been traded.

Where these tokens are not free, that is you have made a payment in return for receiving the token, the cost base of the tokens will be amount that you pay to acquire them.

A CGT event happens when you dispose of the tokens. If you hold your tokens for 12 months or more, you may be entitled to the CGT discount.

### Example: capital gain and CGT discount on initial airdrop token

Cswap launched its own native protocol token, CX, through a community airdrop.

Josh is an eligible account holder of the Cswap protocol and received an initial allocation of 800 CX tokens on 16 September 2023.

Josh does not derive ordinary income or make a capital gain as a result of the receipt of the 800 CX.

On 25 May 2025, Josh sold the 800 CX for $4,000. Because the cost base of the CX tokens was zero, Josh makes a total capital gain of $4,000 in the 2024–25 income year from the sale of the CX.

Josh is also eligible to reduce his total capital gain using the CGT discount, as he held his CX for more than 12 months.

### Example: capital gain on an initial airdrop token that requires payment

TXP launched its own native protocol token, HXP, through an initial airdrop.

TXP distributed the new HXP to participants who paid an amount for the new token.

Calista pays $1 for each token and receives an initial allocation of 1,000 HXP tokens.

Calista does not derive ordinary income or make a capital gain as a result of receiving the 1,000 HXP.

Calista later sells the 1,000 HXP for $4,000. Because the cost base of the CX was $1,000, Calista makes a capital gain of $3,000 from the sale of the HXP.

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# Crypto asset transactions with gift cards or debit cards

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

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## 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 whether 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 acquire the gift card and it has an available balance of 500 XRP.

At the time Olivia acquired 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 acquires 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.

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## 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, such as 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. Therefore, 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 whether 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.

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## 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 whether:

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

- you have lost access to the crypto asset.

Generally, where you can recover an item, it's 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**.

## Lost private key

If you lose your private key, you lose access to your crypto assets. To claim a capital loss, you will need to be able to provide the following evidence to show your ownership:

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

## Administration of crypto exchanges and platforms

If a crypto asset exchange or platform goes into administration, this may result in a financial loss for you as a crypto asset investor.

If you experience financial loss resulting from administration, this may give rise to a capital loss. No capital loss will arise, and you will not be able to calculate the amount of any capital loss, before the administration is finalised.

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

QC 69951

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