



Committee of Experts on International Cooperation in Tax Matters

28th Session, New, York, 19-22 March 2024

Taxation of crypto-assets

Report from the ad hoc group

Background

At the 26th Session:

- A report was presented analyzing the risks and challenges that crypto-assets pose for tax systems, with a special focus on developing countries.
- An ad hoc group consisting of five Committee members (Alexander, Ashfaq, Liselott, Nana & Rasmi) was formed to take the work forward.

At the 27th Session:

- The ad hoc group proposed to work on a **Toolkit to evaluate tax risks from crypto-assets**.
- An **outline** of the proposed structure of the Toolkit was presented for the Committee's consideration and was approved along with the work plan.
- The ad hoc group proposed to present the initial part of the Toolkit **for first consideration** at the **28th Session** and the subsequent part at the 29th Session, with the goal of having the two parts reviewed and approved at the 29th and 30th Sessions, respectively.

The Toolkit for the Evaluation of Crypto Tax Risks

The toolkit is envisioned to provide a practical, structured framework for the identification and assessment of crypto tax risks.

It is structured around three main categories of crypto tax risks: (1) crypto reporting and tax crimes; (2) crypto losses and deductions; and (3) crypto functional substitutes risks.

The level of risk is assessed through the use of *questionnaires*. A *Commentary* section provides additional context on each part of the Toolkit.

First part of the Toolkit proposed by the ad hoc group

The ad hoc group presents for first consideration of the Committee the first of two parts of the Toolkit

It is structured around the following risk categories:

(a) crypto reporting and tax crimes

(b) crypto losses and deductions

First part of the Toolkit: content


The ***Snapshot*** seeks to answer (1) what are crypto-assets; (2) why did the UN Tax Committee develop this Toolkit; and (3) how should the Toolkit be used and who is it addressed to.

The ***Introduction*** highlights the aim of the Toolkit to aid users by providing them a practical, structured framework for the identification and assessment of crypto tax risks.

The ***Guide on How to Use this Toolkit*** comprises (1) a step-by-step overview, (2) the "Map of Crypto Tax Risks," which breaks down the three main categories of crypto tax risks, and (3) a detailed worked example that illustrates the application of the Toolkit.

First part of the Toolkit: content

The **Questionnaires** are structured to address each of the identified crypto tax risks separately. Users can choose to go through all of the questionnaires or focus on a particular risk, but should consult the corresponding commentaries for comprehensive insights before beginning.



The **Commentaries** complement the questionnaires and give background information, including the rationale behind each question, and, subsequently, presents best practices.

Issued in front of the Committee

The ad hoc group is hereby presenting the first part of the Toolkit **for first consideration** and ***seeking feedback*** from the Committee

The ad hoc group aims to take the feedback received into account and **present an improved draft for approval at the 29th Session**, along with the presenting the second part of the Toolkit for first consideration.

Thank you