



Australian Government

Government Response to the Board of Taxation's *Review of the taxation treatment of digital assets and transactions in Australia*

March 2025

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Introduction

The Government's response addresses the recommendations directed at the Government. The remainder of the recommendations are directed to the Australian Taxation Office (ATO) as the administrator of Australia's taxation laws.

The report confirms that the taxation of digital assets and transactions is already covered under existing tax law but the ATO can help improve certainty by providing additional guidance materials.

In response to the report, the ATO has agreed to form a crypto working group which will consult with the industry and tax professionals to develop a package of publicly available crypto tax advice.

Government responses

Recommendation 5.1

The Principles Framework developed by the Board promotes certainty, simplicity, integrity as well as competitive, revenue, technological and functional neutrality. It also ensures that the tax treatment of crypto assets and transactions should be based on existing ordinary tax principles, unless there are unforeseen or unintended outcomes.

The Board recommends that the Principles Framework be used as a guide by the Government, when considering the suitability of amendments to current Australian taxation laws and/or any amendments to or creation of a new tax legislation for crypto assets and transactions.

In assessing any proposed measure by reference to the Principles Framework, all relevant factors should be considered. This may include features of the crypto ecosystem that give rise to risks and integrity concerns (see Chapter 4). For example, neutrality in principles 3, 4 and 5 needs to consider the inherent integrity risks that exist for crypto assets that do not exist for other traditional assets including cash, shares and property.

Government response

The Government agrees in principle with using the principles framework developed by the Board as a broad guide for assessing the suitability of any potential amendments to the tax laws in relation to digital assets and transactions.

Recommendation 13.1

Some options for crypto-specific legislative taxation regimes were raised with the Board during consultations.

The Board does not recommend the introduction of any crypto-specific legislative taxation regime at the present time, when the crypto ecosystem is changing and developing rapidly. Even if the crypto ecosystem was more settled, a crypto-specific legislative taxation regime could raise issues such as ensuring confined and applicable definitions, acting contrary to neutrality, potential integrity concerns, increased complexity and barriers to entry for a developing market.

Should the Government decide to explore the suitability of introducing a crypto-specific legislative taxation regime at some time in the future, the Government may decide to consider one or more of the options identified in this Chapter 13, which were the subject of varying levels of discussion during the Review.

Should the Government decide to consider any of these options in the future, the Board recommends that the Government undertake further consultation with key stakeholders and a further detailed review in relation to any option that it might consider.

Government response

The Government agrees that no crypto specific taxation legislation should be introduced at the current time.

Recommendation 13.2

The Board's stakeholder consultations together with its own research indicates that areas in the crypto ecosystem that are currently increasing in scale and developing at a particularly fast rate are Decentralised Autonomous Organisations (DAOs), Decentralised Finance (DeFi), Gaming Finance (GameFi), and Non-Fungible Tokens (NFTs).

The Government may like to consider undertaking further work in relation to the taxation implications of these four areas in the future particularly in light of any policy responses made to the regulation of such activities.

In the meantime, the Board recommends that the ATO continue to consider the tax treatment of new and evolving crypto assets and transactions in accordance with existing rules and principles, including in relation to these four areas.

Government response

The Government notes that DAOs, DeFi, GameFi, and NFTs are four areas that may benefit from further consideration as the market develops.

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