Crypto Tax In Australia: A Complete Guide For 2024

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With the arrival of July, it’s time for many investors in Australia to consider lodging their tax returns. If you’ve engaged in any sort of cryptocurrency trading activities over the last year, it’s highly likely that you’re going to have to report it in your tax return. Transactions include, but are not limited to, buying, selling, trading, mining, staking, giving and/or receiving cryptocurrency.

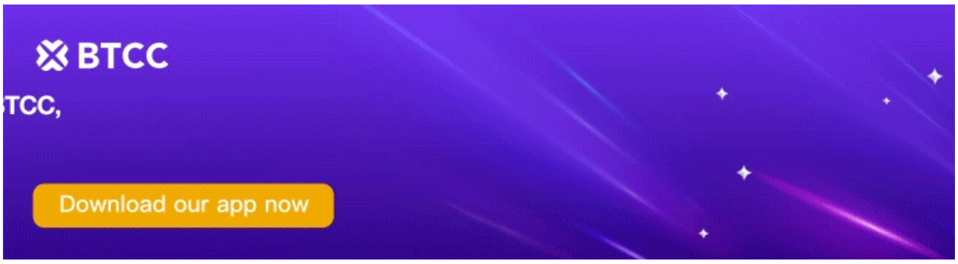
BTCC, one of the longest-running exchange in the world, offers 300+ virtual currency contract trading pairs with leverage ranging from 1X to 225X. If you want to start trading cryptocurrencies in Australia, you can start by signing up for BTCC.

Crypto Tax Development In Australia

In the first few years since the appearance of cryptocurrency, people treated it as an "out of sight, out of mind" asset. If they'd made a few bucks off it, it's not as if the Australian Tax Office (ATO) had heard of the blockchain anyway.

However, with the fast development of digital assets, everything has changed. At present digital currencies are regarded as a legitimate asset, which means that they are subject to tax obligations, same as anything else.

Notably, the ATO is cracking down even harder on crypto traders in FY2024. Therefore, if you have conducted any crypto transaction activity in Australia, you may wonder how much tax you'll pay on crypto in Australia.



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Crypto Tax In Australia: A Comprehensive Guide

Well, accurately figuring out your cryptocurrency tax can be difficult and there are a lot of different facets you need to consider when preparing your tax return. However, it's more important than ever that you know what you're doing and how to report your tax obligations correctly as the ATO keeps Australian crypto investors squarely in their spotlight. Next, we will list everything you need to know about crypto tax in Australia.

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Does the ATO track your crypto trading activities?

The Australian Taxation Office (ATO) actively monitors cryptocurrency transactions. Since the 2014-15 financial year, the ATO has run a crypto-assets data matching program, which allows the agency to access data from cryptocurrency designated service providers like Binance and CoinJar. It is estimated that ATO obtains records relating to up to 1.2 million Australian crypto users each financial year.

The data aids in identifying buyers and sellers, quantifying transactions, and comparing against ATO records to uncover tax dodgers. All centralised crypto exchanges have been obligated to report to the ATO since 2018.

Are you a trader or an investor?

It's crucial to remember that your cryptocurrency will be taxed differently based on whether you are considered to be an investor or a trader. Therefore, girst thing you need to do is work out whether you're classified by the ATO as an investor or a trader.

Here's a breakdown of the differences between investors and traders as per the ATO's guidelines.

Investor: Investors typically buy cryptocurrencies for the long-term and are primarily interested in building up their wealth over time. Most retail crypto investors would likely fall into this category.

Trader: If you're mining or trading cryptocurrency in what the ATO describes as an "organized, business-like manner", you may be considered a trader. Here are a few signs that you may fall into this category:

- A significant capital investment
- A focus on generating profits in the short-term
- A large volume of trades on a daily or weekly basis
- Documentation and assets that suggest business-like activity such as revenue projections, an Australian Business number, and dedicated office space

Of course, the lines between what constitutes a "trader" and an "investor" can get fuzzy at times. If you're not sure which category you fall under, you should consult a tax professional.

How much tax do you pay on crypto in Australia?

As the ATO considers cryptocurrency a form of property that is subject to both capital gains and income tax. At first, you need to know what capital gains and income tax are.

Capital gains tax (CGT)

Capital gains tax occurs when you dispose of your cryptocurrency. This happens when you sell it, trade it for another cryptocurrency, gift it, or use it for a purchase.

Your capital gain is simply the difference between the AUD value of the cryptocurrency at the time you disposed of it minus the AUD value of the cryptocurrency at the time it was acquired.

It's important to remember that relevant exchange fees and blockchain network fees can be added to your cost base or subtracted from your gross proceeds. This can reduce your capital gains tax in a disposal event.

Income tax

Income taxes apply for cryptocurrencies that you have earned — whether that is through a job, mining, staking, or other means. Your income is determined based on the fair market value of your cryptocurrency at the time of receipt.

Calculating your net capital gains

When it comes to calculating your net capital gains, the ATO doesn't differentiate between different types of asset, so the profits you make from selling crypto, shares, property or any other asset are all bundled in together.

The formula is simple:

(Total Capital Gains–Total Capital Losses (incl. previous years))

x

Capital Gains Discount (for disposed assets that were held for over 12 months)

=

Net Capital Gains

What tax rate do you pay on your crypto in Australia?

The tax rate you pay on your capital gains and ordinary income varies based on your income bracket. Here are Australia's tax rates for the 2023-2024 financial year.

Taxable Income	Tax Rate	Tax Payable on this Income
$0–$18,200	0%	Nil
$18,201–$45,000	19%	19 cents for each $1 over $18,200
$45,001–$120,000	32.5%	$5,092 plus 32.5 cents for each $1 over $45,000
$120,001–$180,000	37%	$29,467 plus 37 cents for each $1 over $120,000
$180,001 and over	45%	$51,667 plus 45c for each $1 over $180,000

Income earned from disposing of cryptocurrency held longer than 12 months is eligible for a 50%

discount. That means that only half of your capital gain will be considered taxable income.

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What tax rates do traders pay on cryptocurrency?

The vast majority of Australians who buy and sell crypto are usually regarded as investors. However, if you're buying and selling cryptocurrency in what the ATO calls an 'organized, business manner', you may be considered a trader.

If you're considered a trader, you will pay the same tax rates on cryptocurrency outlined above. However, you will not be eligible for the capital gains discount for cryptocurrency disposed of after 12 months.

One advantage of being considered a 'trader' is that you can write off losses and relevant expenses.

If you're unsure whether you'll be considered a trader or an investor, check out the ATO's guidelines on this topic.

Can you avoid your cryptocurrency taxes?

There are some strategies available that can help you avoid your cryptocurrency taxes in a legal way. For example, tax-loss selling — the practice of intentionally selling your cryptocurrency at a loss for tax purposes — can offset your capital gains and reduce your tax liability.

However, before you get started with tax-loss selling, it's crucial to keep in mind the wash sale rule. The ATO does not allow investors to claim capital losses on crypto and other assets if they buy the same position shortly afterwards.

While the ATO does not specify a specific time period for when the wash sale rule applies, it's important to remember that this rule is meant to discourage investors from selling assets and buying back in for the sole purpose of claiming tax benefits.

That's all basic information about crypto tax in Australia. If you need more professional or specific guidance or advise, please seek professional advise from professional experts or agencies.

How to Trade Futures on BTCC?

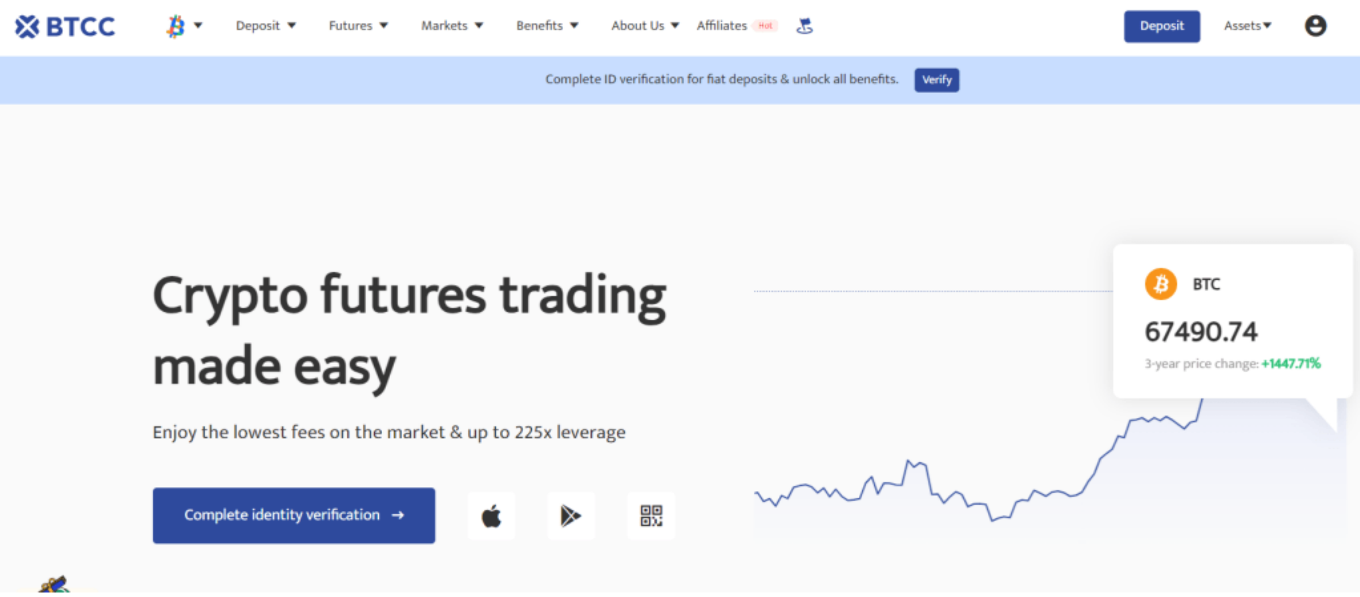
BTCC, one of the longest-running exchanges in the world, offers 300+ virtual currency contract trading pairs with leverage ranging 1X to 225X. If you want to start buying and trading cryptocurrencies in Australia, you can start by signing up for BTCC.

The following sets forth the guidance for trading futures on cryptocurrency exchange BTCC:

Step One: go to the [BTCC homepage] and log in to your BTCC account. If you do not have an account, you need to register first.

Step Two: on the BTCC official homepage, choose “Deposite” > “Fiat Deposit”, and then fund your account.

Step Three: go back to the BTCC official homepage, choose “Futures” -“USDT-M Perpetual Futures Contract”, and find the crypto trading pair.



Step Four: choose the contract trading order type. BTCC contract orders are divided into market orders, limit orders and SL/TP orders.

Step Five: adjust the leverage multiple.

Please keep in mind that operating leverage carries the risk of liquidation. Leverage should be adjusted based on your financial status and risk tolerance.

Step Six: choose the lot size and set the SL/TP price .

Step Seven: after setting the basic data information, users can choose to buy (open long) or sell (open short) after entering their ideal price. Traders should remind that the price cannot be higher or lower than the highest buying price or lowest selling price of the platform.

Step Eight: click the buy or sell button, and the crypto futures contract order is completed.

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