CRYPTOCURRENCY TAX GUIDE

PRE-JULY 2027 CHANGES

SHEPLEY CAPITAL

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This guide is produced by Shepley Capital for general educational purposes only. It is not tax advice, financial advice, or legal advice. Tax law is complex and individual circumstances vary significantly. The information reflects ATO guidance available as at August 2026. Always consult a registered tax agent or accountant for advice specific to your situation. Visit shepleycapital.com/tax for further resources.

Australian Crypto Tax — Pre 1 July 2027

ATO current rules: CGT, income treatment, record keeping & SMSF

Australia's tax treatment of cryptocurrency is among the most clearly documented of any jurisdiction. The Australian Taxation Office (ATO) has published specific guidance on digital assets since 2014. Getting your tax oblications right is a must, especially with the ATO's data-matching program that collects transaction data directly from Australian exchanges. Crypto holdings traded across regulated exchanges are becoming increasingly visible to tax authorities. This guide covers the current rules that apply to all CGT events. Note: This guide is relevant only before 1 July 2027 - for updates guidelines for 1 July 2027 onwards, visit our *"Australian Crypto Tax - Post 1 July 2027"* Resource.

1. How the ATO Classifies Cryptocurrency

The ATO does not treat cryptocurrency as currency or as foreign currency. Instead it treats cryptocurrency as property, specifically falling into the Capital Gains Tax (CGT) asset class. This classification applies to Bitcoin, Ethereum, altcoins, stablecoins, NFTs, and most other digital tokens.

This means that the tax rules that apply to crypto are closely aligned with the rules that apply to shares and investment property; not to cash, foreign exchange, or financial instruments. Every disposal of a crypto asset is a potential CGT event.

What Triggers a CGT Event (Taxable Disposal)

Activity	CGT Event?	Notes
Selling crypto for AUD	YES	Capital gain or loss calculated at time of sale
Trading one crypto for another	YES	Each swap is a disposal at market value — even crypto-to-crypto
Spending crypto on goods/services	YES	Disposal at fair market value on date of transaction
Gifting crypto	YES	Treated as disposal at market value on date of gift
Receiving staking rewards/airdrops	YES (income)	Taxed as ordinary income at market value when received; CGT applies on later disposal
Buying crypto with AUD	NO	Acquisition only — no CGT event until disposal
Moving between your own wallets	NO	Same beneficial owner — not a disposal, but keep records
Holding crypto	NO	No tax event until disposal

2. The 50% Capital Gains Tax Discount

Under current rules (for CGT events before 1 July 2027), Australian individual investors who hold a cryptocurrency for more than 12 consecutive months before disposal are eligible for a 50% discount on the capital gain. This means only half of the net gain is included in assessable income and taxed at the individual's marginal income tax rate.

WORKED EXAMPLE — 50% CGT DISCOUNT

Purchase: 1 BTC at $40,000 on 1 January 2025. Sale: 1 BTC at $100,000 on 15 February 2026 (held > 12 months). Capital gain before discount: $100,000 − $40,000 = $60,000. After 50% discount: $60,000 × 50% = $30,000 taxable gain. If marginal tax rate is 37%: tax payable = $30,000 × 37% = $11,100. Without the 12-month discount, tax would be $60,000 × 37% = $22,200.

Holding Period	CGT Discount Available?	Tax Treatment
Under 12 months	No discount	Full capital gain added to assessable income; taxed at marginal rate
12 months or more	50% discount	Only 50% of net capital gain included in assessable income
SMSF (12 months+)	33.3% discount	One-third discount applies; effective CGT rate is 10% for a complying SMSF
Company	No discount	Companies do not receive the CGT discount; flat 25–30% corporate rate on gains

◆ Capital Losses

Capital losses can only be offset against capital gains, not against ordinary income. Unused capital losses are carried forward indefinitely to offset future capital gains. The 50% discount is applied after losses are offset. Losses should always be tracked and reported even when there is no gain to offset in the current year.

3. Investor vs Business Trader

The ATO distinguishes between investors who hold crypto as a CGT asset and those who carry on a business of trading cryptocurrency. The distinction has significant tax consequences; business traders cannot access the 50% CGT discount, but can offset trading losses against other income.

Factor	Points Toward Investor	Points Toward Business Trader
Trading frequency	Occasional; long holding periods	High frequency; rapid turnover
Purpose	Long-term capital appreciation	Profit-making from market price movements
Organisation	Informal; personal decisions	Systematic; dedicated time, tools, and processes
Volume	Small number of assets	Large number of transactions; high total value
Tax treatment	CGT rules apply; 50% discount eligible	Trading stock rules; gains as ordinary income; losses offsetable

4. Staking, DeFi & Airdrop Income

The tax treatment of crypto income generated through participation in blockchain networks, DeFi protocols, and other mechanisms is one of the most complex areas of Australian crypto tax. The general principle is that tokens received as a reward for an activity are ordinary income at market value when received.

Activity	Tax at Receipt	Tax on Later Disposal
Staking rewards	Ordinary income at market value when received	CGT event; cost base = market value at income date
Liquidity mining rewards	Ordinary income at market value when received	CGT event; cost base = market value at income date
Airdrops (unsolicited)	Generally ordinary income at market value	CGT event on later disposal
DeFi interest/yield	Ordinary income when accessible	CGT on the underlying asset on disposal
Wrapped token conversion	Generally not a disposal if same beneficial owner	Monitor ATO guidance; position may change
NFT creation/sale	Income if held as trading stock; CGT if investment	Depends on classification as trader or investor

5. Record Keeping Requirements

The ATO requires crypto taxpayers to keep detailed records of all transactions for a minimum of five years. The ATO's data-matching program receives transaction data directly from Australian exchanges, where any discrepancy between your records and exchange data flags a review.

◆ Minimum Records Required for Every Transaction

- Date of every transaction (purchase, sale, swap, receipt of income)
- AUD value at the time of each transaction (use a reputable exchange rate source)
- The amount and type of cryptocurrency involved
- Purpose of the transaction (investment, trading, personal use)
- Fees paid on the transaction (these form part of the cost base)
- Counterparty details where identifiable (exchange name, wallet address)
- Records of wallet addresses used across all transactions

CRYPTO TAX SOFTWARE

Third-party platforms including Koinly, CoinLedger, CryptoTaxCalculator, and CoinTracker integrate directly with Australian exchanges and wallets via API to automate record-keeping and generate ATO-compatible tax reports. Using one of these tools is strongly recommended for any investor with more than 20 transactions per year.

6. SMSF & Cryptocurrency

Self-Managed Superannuation Funds (SMSFs) can legally hold cryptocurrency as an investment asset, provided the investment satisfies the Sole Purpose Test; that the fund exists solely to provide retirement benefits, and is permitted under the fund's trust deed and investment strategy.

Requirement	Detail
Investment strategy	SMSF investment strategy must explicitly include digital assets before acquiring them
Market valuation	Crypto must be valued at market value for annual financial statements
Secure custody	Hardware wallet with appropriate trustee access controls; documented custody arrangement
Record keeping	All transactions must be documented with AUD values at date of each event
CGT discount (SMSF)	One-third discount on assets held 12+ months; effective CGT rate of 10% — significantly advantaged vs personal tax rates
Specialist advice	Engage an SMSF-specialist accountant with crypto experience before establishing positions

Further Reading — Cryptopedia

Topic	Cryptopedia Resource
Capital Gains Tax Australia - Full Guide	Access Resource
ATO Tax Reporting Explained	Access Resource
Australian Tax Records to Keep	Access Resource
Staking Tax Implications	Access Resource
Self-Managed Superfund	Access Resource

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Tax law is complex and subject to change. The information in this guide reflects ATO guidance available as at August 2026. Individual tax obligations depend on specific circumstances that this document cannot address. Always consult a registered tax agent or accountant before making tax-related decisions.

The ATO's data-matching program actively collects crypto transaction data from Australian exchanges. Non-compliance carries significant penalties. This guide is a starting point for understanding your obligations — not a substitute for professional advice.