

# DISPOSAL OF CRYPTOS



Swipe





Generally, the intention of having an investment is to hold and sell it in the future to earn income.

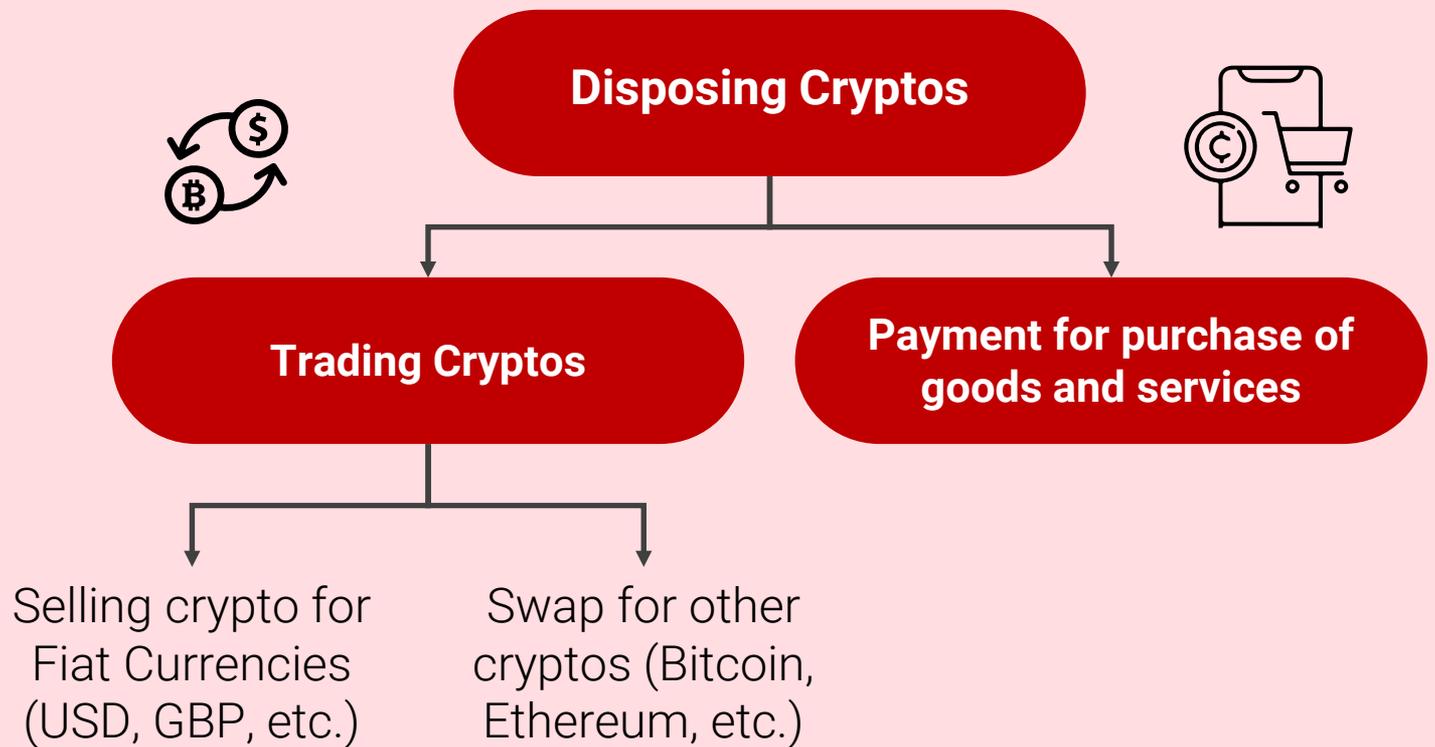
Similar with cryptos, when you buy and invest in cryptos, you are most likely intending to **dispose** it in the future to **earn profit/ gain**.



# WAYS OF DISPOSING CRYPTOS



There are different ways of disposing cryptos.



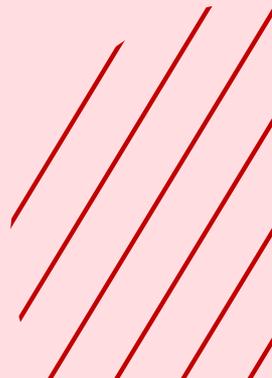
# VAT



As discussed in our previous post on 'Classifying Cryptos for Tax', generally, cryptos may be treated as akin to 'fiat currencies' for VAT.

If any country recognizes cryptos as a **means of exchange**, then its exchange for fiat / other cryptos / goods & services may be treated as **outside the VAT scope**.

VAT continues to apply on supplier for supply of goods or services.



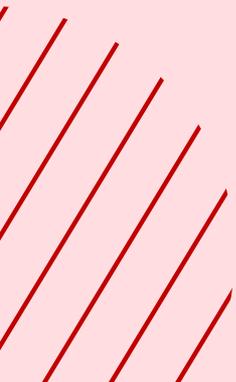
# INCOME TAX



When there is a **change of ownership** of crypto, then it may likely result to a taxable event which is disposal.

Generally, disposal of cryptos is treated as **disposal of an intangible financial asset**.

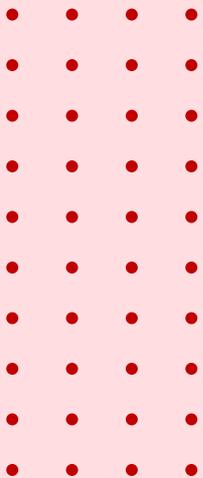
If you have earned a profit at the time of disposal, then the profit may be taxable.



# 1. IF YOU ARE TRADING CRYPTO FOR FIAT OR SWAP WITH OTHER CRYPTO

Gains from disposal may be subject to **capital gains tax**.

Gain may be determined as a difference between market value at disposal and cost at the time of acquisition considering transaction/gas fees.





## 2. IF YOU ARE USING CRYPTO AS A MEANS OF PAYMENT FOR GOODS OR SERVICES

It may be treated as a **barter** transaction.

A supplier receiving payment for goods and services in cryptos may include cryptos value under **taxable income**.

**Note:** Corporate tax in the UAE is not applicable on personal income of individuals.



# AUTHORS



**Nimish Goel**

Partner

[nimish.goel@dhruvaadvisors.com](mailto:nimish.goel@dhruvaadvisors.com)



**Gaurav Shivhare**

Senior Manager

[gaurav.shivhare@dhruvaadvisors.com](mailto:gaurav.shivhare@dhruvaadvisors.com)

# CONTACT US



## **WTS Dhruva Consultants**

207, Emaar Square, Building 4,  
PO Box 127165, Dubai, UAE



Website:

<https://www.wts-dhruva.com/>

# OUR TEAM

**Deepak Agarwal**

**Ujjwal Pawra**

**Geet Shah**

**Naishadh Soneta**

**Kapil Bhatnagar**

**Disclaimer:** Content posted is for informational and knowledge-sharing purposes only and is not intended to be a substitute for professional advice related to tax, finance or accounting. This in no way constitute a tax opinion. This do not constitute an investment advice or any other advice on financial services, financial instruments, or digital assets. The view/interpretation is based on the guidelines and information available in the public domain (including OECD report). The tax authority in the UAE has not yet published any guidance on the transactions involving crypto. Each reader should take due professional care before he/she acts after reading the contents of such article. No warranty whatsoever is made that any of the articles are accurate. Before acting on any matters contained herein, reference should be made to subject matter experts and professional judgment needs to be exercised. W T S Dhruva Consultants will not accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication.