

Profits from transactions

Crypto assets are treated as economic goods and are attributed to their respective owners, who initiates transactions and can therefore dispose of the public key allocation. All acquisition and exchange transactions carried out in the crypto world remain tax relevant and result in income in any income category. In principle, sales are **only taxable** if they take place **within one year** of the acquisition of the crypto tokens. Based on their market price, which can be regularly determined via trading platforms (e.g. Börse Stuttgart Digital Exchange, Kraken, Coinbase and Bitpanda) and lists, they are accessible for **independent valuation**.

Valuation of cryptocurrencies on sale

Paragraphs 57 to 86 of the circular deal with valuations on the purchase or sale of individual cryptocurrencies. Depending of the type of cryptocurrency, disposal gains may be measured at the market price, the daily price or the acquisition cost. If the cost cannot be determined, the average cost method is permitted. The daily price may correspond in particular to the daily average price, the daily spot price, or the daily closing price.

Capital gain/ loss = sale of crypto-assets – acquisition and advertising costs.

For simplification, it can be assumed for the purposes of determining the value, it can be assumed that the crypto assets of a trade name acquired first trading name were sold first (**first in first out**).

Private sales transactions:

Gains from the sale of crypto-assets held as private assets qualify as income from private sales transactions if the holding period is **one year or less**. There must be both an acquisition (including exchange for currency) and a disposal. Private capital gains are **tax-free** if they amount to **less than €1,000** (2023: €600). Frequent crypto trading, including exchanges, may be considered a commercial activity.

Commercial income:

In principle, the requirements of German income tax law (Sec. 15 par. 2 German Income Tax Act) must be examined: 1) Sustainability (intention to repeat), 2) Prospect of sustainable overall profit, 3) Participation in commercial transactions by providing computing power to check transactions (even if the remuneration is performance-based).

In some cases, income from block creation can already be classified as income from a commercial enterprise by virtue of its legal form. Mining and forging are considered to be acquisition transactions and may be classified as private or commercial activities depending on the circumstances of the individual case.

Business assets:

Cryptocurrencies are non-depreciable intangible assets. They are to be classified as fixed or current assets according to general tax accounting principles. Access valuation is based on the market price at the time of acquisition (e.g., according to trading platform or web-based list).