The taxation of Cryptocurrency is a very polarizing topic in todays age. There are many different arguments for and against the taxation of crypto. My stance is that Cryptocurrency should not be taxed. In this publication I will explain my stance. My first reason is Simple, but glaring. There is a time lag between buying Bitcoin or Ethereum with fiat currency and then trading for your altcoin investment of choice. If coin values change in the meantime – if prices go up, for example – that change in value is taxable. My second reason is that Some traders keep their activity on sites and wallets close to home. Others go out of their way to use exchanges abroad, where their transactions can’t be as easily discovered by determined tax investigators. This should be very concerning to a government. Also The big money makers are already hiding with their wealth somewhere warm. Those who had the money to buy a significant stack of Bitcoin as the boom took hold already know how to avoid paying tax. Left behind are those who were pleasantly surprised when a tiny investment turned into a profit. It’s these nine-to-fivers, family people, early supporters, enthusiasts and tech-savvy believers who could bear the brunt of the crypto tax bill. To find another reason against the taxation of cryptocurrency Consider failed ICOs, victims of hacks and scams, and those who inadvertently transferred their coins into the ether – not that ether…I’m talking about that big empty space of who knows where. These examples are all lost investments, but all are still taxable. We can also see that Most cryptocurrency traders have used more than a handful of wallets and exchanges and made a decent volume of transactions. Every last one has to be tracked and assessed. As we continuing down the journey of crypto taxing then comes the issue of determining [basis and gain](https://www.forbes.com/sites/greatspeculations/2018/01/03/what-you-should-know-about-taxation-of-cryptocurrencies/#1a8435571346). Basis is the price an investor paid for a cryptocurrency, while Gain is the accumulated difference. With price fluctuations, this causes a massive accounting issue for anyone whose has used cryptocurrency for everyday transactions. For businesses who accept cryptocurrency payments, this issue is amplified. We also know that If you’ve found yourself out of your depth trying to compile a tax return, especially if you didn’t track every transaction and base price, and subsequent loss or gain when it all happened you might need an expert. Finding a cryptocurrency tax expert is difficult, and they know it, so to hire one could well wipe out any gains you are about to report. To find another reason, we can look at the decentralized ethos behind the original cryptocurrencies, like Bitcoin, could propel the creation of decentralized exchanges. If a completely decentralized exchange happens, it could be almost impossible for tax investigators to find an organizing body to request user records from. Traders or regular users of cryptocurrency may also increasingly choose privacy coins, like Monero, where transactions can’t be tracked, and wallets are unidentifiable. Lastly, we should not tax cryptocurrency because Tracking and reporting every transaction could deter investors from making the next investment in an ICO or upcoming coin. This could limit the funds raised by cryptocurrency and blockchain innovators, stifling an industry that looks set become the future backbone of the world economy.

~~Taxation is vital, but as with the regulation of cryptocurrencies and ICO’s, the framework that is applied to traditional financial infrastructure doesn’t work for the innovative and unprecedented nature of blockchain and cryptocurrency.~~

Is it fair to apply a tax system designed for fiat currencies, salaries and traditional assets which can be more easily tracked, identified and far more easily recouped if stolen?

For many of 2017’s later investors their stake is now less than their initial investment, and now they have a tax bill on top of it.