

Blockchain Technology



Jennifer Morales (C)
Contingent Worker



BLOCKCHAIN

Through our Blockchain Technology articles, you can explore the industry, business models, and technologies across distributed ledgers and digital currency.

Recent articles include:

1. [Blockchain Additional Info](#)
2. [Distributed Ledger](#)
3. [Smart Contracts](#)

What is It?

Blockchain is a shared, immutable ledger that tracks assets and records transactions. The key components of blockchain technology are distributed ledger, immutable records, and smart contracts. The types of blockchains include public, private, hybrid, and consortium blockchains. Blockchain technology exists in finance, data management, e-commerce, and e-governance.

How Does it Work?

Blockchain basics: As each transaction occurs, it is recorded as a block of data. Each transaction shows the movement of an asset that can be tangible (physical) or intangible (intellectual). The block of data can record information (who, what, when, where etc.). Each block of data is connected to the block before and after it. These blocks of data form a chain of data as an asset moves from place to place or as ownership changes. Transactions are blocked together in an irreversible chain; i.e., "blockchain".

What is the Competition Doing With It?

Vertex's competitors are beginning to explore blockchain opportunities. Avalara has mentioned crypto currency topics in multiple press releases. In April 2021, [Avalara closed on its acquisition of INPOSIA Solutions](#) which has a tax engine designed for crypto exchanges. [Sovos](#) provides crypto currency compliance automation and has joined the [Wall Street Blockchain Alliance](#). [Wolters Kluwer has been providing a Blockchain & Virtual currencies dashboard](#) since 2018 as well multiple informational press releases. Thompson Reuters press shows blockchain research investment.

What is the Potential Intersection With Tax?

Tax application or tax services serving blockchain technology could be as plentiful as the application of blockchain itself. As blockchain technology matures and gathers acceptance, multiple opportunities are presenting themselves. As physical assets move on the block chain, there are direct and indirect tax implications. Examples include Transfer tax, capital gains, income tax, sales tax, VAT, customs, excise, etc. Blockchain technology verticals including e-commerce, e-governance, and finance provide the immediate opportunities. Cryptocurrency as an acceptable (or required) payment method is growing globally; tax implications will still be required.

Next Steps

Competitor acquisition of a tax engine designed for crypto markets signals a commitment to the technology area. Vertex should determine what areas of blockchain technology to focus on that could provide potential investment return.