

# Overview

## Transaction Fees

Transaction fees constitute Neutron's main source of revenue. They originate from local transactions and cross-chain transactions through Neutron's IBC fee model. Transaction fees are paid in NTRN or ATOM tokens.

- 25% of the fees are sent to the hub as payment for ICS;
- The remaining 75% are either burnt (NTRN) or sent to the Reserve (ATOM, etc.).

## Reserve, Treasury and Distribution Contract

There are 3 contracts that manage Neutron's funds:

- [The Reserve](#)
- holds the vested NTRNs and sends them to the Neutron DAO core contract and the Distribution contract. Reserve tokens are
- vested based on on-chain activity: the more NTRN tokens are burned while processing block fees (see above), the more
- tokens get unlocked in the reserve;
- [The Distribution](#)
- contract is responsible for the second step of token distribution where tokens sent to this
- contract are distributed between share holders
- , where share holders
- are a configurable set of addresses with
- number of shares. This contract allows shareholders to withdraw collected tokens.
- The third one is [Neutron DAO core module](#)
- itself. [Previous DAO configuration parameters \[mainnet\]](#) [Next Overview](#)