

Federal Supreme Court Decision

Crypto Taxation - 2024

Case Summary

Case Number: 2C_123/2024

Date: January 25, 2024

Court: Federal Supreme Court of Switzerland

Subject: Taxation of Cryptocurrency Transactions

Background

The case involved a taxpayer who engaged in extensive cryptocurrency trading activities during the tax years 2018-2020. The taxpayer argued that cryptocurrency transactions should be treated as private capital gains and therefore exempt from taxation.

Legal Question

The central question was whether cryptocurrency trading constitutes a commercial activity subject to income tax or private capital gains exempt from taxation.

Court's Decision

The Federal Supreme Court ruled that cryptocurrency trading can constitute a commercial activity if certain criteria are met:

1. Frequency and Volume: Regular trading with significant transaction volumes
2. Professional Approach: Use of trading tools, analysis, and systematic strategies
3. Time Investment: Substantial time spent on trading activities
4. Income Dependency: Trading as primary or significant source of income
5. Risk Management: Professional risk management and diversification strategies

Tax Implications

Commercial Crypto Trading:

Private Crypto Trading:

Key Factors

The Court emphasized these key factors for determining commercial vs. private trading:

Trading Frequency:

Transaction Volume:

Professional Tools: