

# Compendium – Cryptocurrency regulations by country

## Cryptocurrency regulations by country

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The public appetite and enthusiasm for cryptocurrencies such as bitcoin have exploded in recent years. First introduced in 2008 as an alternative and disruptive technology to traditional banking and payments, bitcoin and other digital currencies or digital assets were met with skepticism and caution as they were not understood. Their anonymity also made cryptocurrencies susceptible to misuse in illicit activities.

Much has changed in recent years, as the number of users has exploded, and some established financial services firms have also begun to test the crypto waters. Prices have rocketed despite incredible volatility, and financial regulators and regulations have struggled to keep pace.

The regulatory regime surrounding cryptocurrencies is fragmented and stretches to the extremes of outright bans in some jurisdictions, to some countries that are advocates.

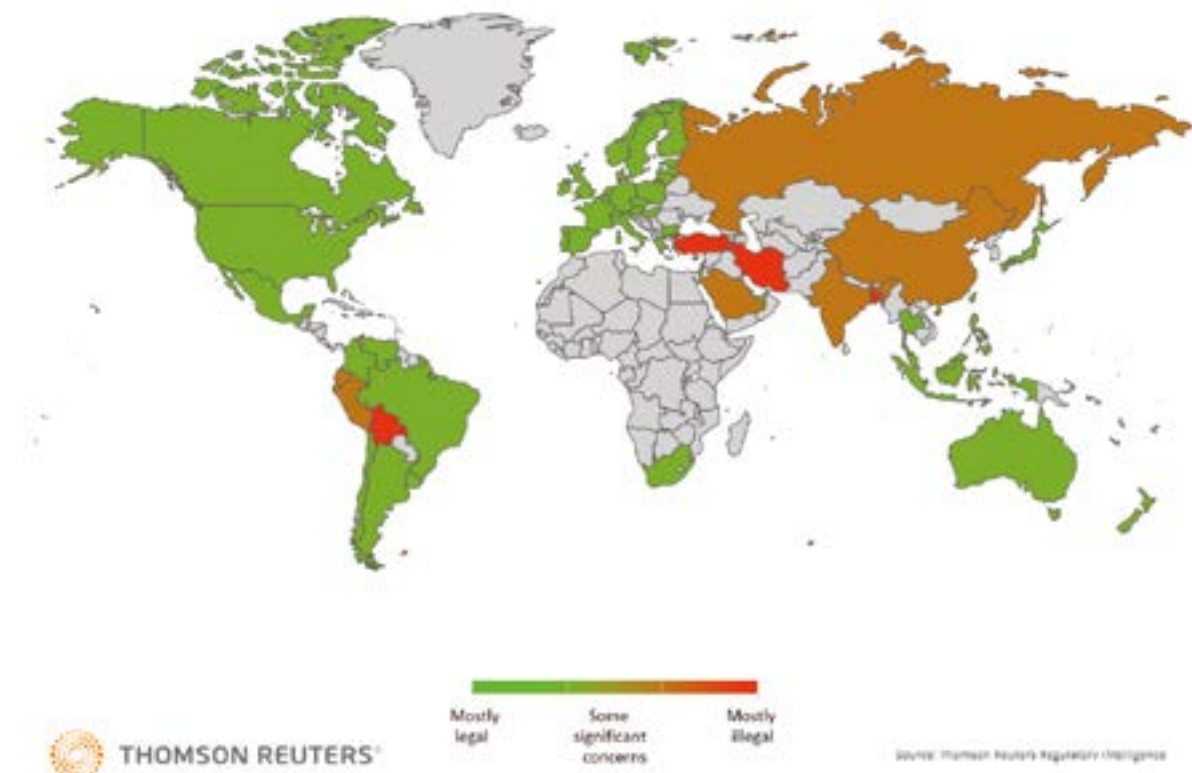
Complete restrictions are somewhat rare and difficult to enforce, with crypto markets regularly shrugging off news of restrictions in some jurisdictions, but regulators are scrambling to clarify rules and keep pace with crypto's exploding popularity.

The regulatory overlay related to digital assets such as bitcoin and other cryptocurrencies in its infancy, and the challenge of building a regulatory framework often is complex and uncertain.

Many market participants insist on a more established regulatory regime and certainty, which likely means new rules, regulations, or at a minimum official guidance. The race to create such a regulatory regime is now underway.

Crypto-assets, cryptocurrencies, central bank digital currencies and non-fungible tokens make up the new “crypto” universe, and each provides unique benefits, challenges, and complexities. This annex provides a country-by-country summary of the cryptocurrency regulatory picture. The list below focuses on cryptocurrencies such as bitcoin. It provides an overview for each country, the regulatory state of play and links to the primary financial regulatory authorities or relevant documents. Much of the regulatory framework is still developing, and regulations and restrictions also vary greatly depending on uses such as payments, investments, derivatives, and tax status. Most countries have generally found ways to tax gains or income derived from cryptocurrencies, and some have more specific obligations than others. Few pure “tax havens” remain.

Regulatory Intelligence may delve deeper into other aspects of cryptos such as non-fungible tokens and digital central bank currencies in future articles or special reports.



## North America

**Canada** – Canada has been an early adopter and is seen as quite “crypto-friendly” with several approvals of bitcoin exchange-traded funds (ETFs). [Canadian Securities Administrators \(CSA\)](#) and the Investment [Industry Regulatory Organization of Canada \(IIROC\)](#) have issued guidance requiring crypto trading platforms and dealers in Canada to register with the local provincial regulators. Firms dealing with cryptos are considered money service businesses (MSBs) and must also register with the [Financial Transactions and Reports Analysis Centre of Canada \(FINTRAC\)](#). The requirements also apply to foreign-based firms if they have Canadian customers.

The [Canada Revenue Authority \(CRA\)](#) generally treats cryptocurrency like a commodity for purposes of the Income Tax Act.

**Mexico** – Mexico has embraced cryptocurrencies and is seen as a very crypto-friendly jurisdiction. The Mexican government and the financial authority, [CNBV](#) enacted a new set of [fintech laws](#) in March 2018. Its largest crypto exchange, Bitsos, has more than 1 million users on its platform.

Mexico’s Federal AML Law was amended in March 2018 to include transactions with “virtual assets”.

Mexico’s tax framework for cryptocurrencies is expected to change as there is no official position. Most see cryptos as intangible assets where gains would be taxed at 30% for corporations and anywhere from 2% to 35% for individuals.

**United States** – The regulatory framework for cryptocurrencies is evolving despite overlap and differences in viewpoints between agencies. Although the [Securities and Exchange Commission](#) is widely seen as the most powerful regulator, [Treasury’s FinCEN](#), the [Federal Reserve Board](#), and the CFTC have issued their own differing interpretations and guidance. The SEC often views cryptos as securities, the CFTC calls bitcoin a commodity, and Treasury calls it a currency. The Internal Revenue Service (IRS) defines cryptocurrencies as “a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value” and has issued [tax guidance](#) accordingly.

Despite the muddled regulatory framework, the United States is seen as home to the largest number of crypto investors, exchanges, trading platforms, crypto mining firms and investment funds.

## Central and South America

**Argentina** – In Argentina, investing in cryptocurrencies is legal but they are not considered legal currency or tender as they are not issued by the government. Although there are no regulations, profits are taxable. Legislation has been proposed to create a national legal and regulatory framework for crypto-assets as a means of payments, investments, and transactions.

The [Argentina Securities and Exchange Commission \(CNV\)](#) will be the regulatory body with oversight responsibilities and plans to maintain a national registry of operations with transactions reported to the Financial Information Unit (FIU) for compliance with anti-money laundering requirements.

Argentina’s Federal Administration of Public Income (AFIP) and central bank have requested more information from domestic crypto exchanges and banks. Gains from cryptos are generally taxable at a 4% to 6.5% rate on gross income for each digital currency transaction.

**Bolivia** – The Bolivian government banned the use of cryptocurrencies such as bitcoin in 2014, in the belief that it would facilitate tax evasion and monetary instability. “It is illegal to use any kind of currency that is not issued and controlled by a government or an authorized entity,” [Bolivia’s central bank \(BCB\)](#) said.

**Brazil** – Cryptocurrencies in Brazil are largely unregulated. Legislators have, however, begun to propose a series of regulations that might fill the void if enacted. The [Brazilian Securities and Exchange Commission, or CVM](#) has approved two crypto ETFs. The Brazilian government has declared

that bitcoin is an asset and therefore is subject to capital gains taxes. Brazil has said that existing AML laws extend to virtual currencies in a few contexts.

The [Special Department of Federal Revenue of Brazil](#) has published a document on cryptocurrency taxes in the country.

**Chile** – The Chilean government has committed to develop a regulatory and oversight framework for cryptocurrencies and the growing number of cryptocurrency exchanges in the country. In the absence of a legal framework, the [Central Bank and the Financial Market Commission](#) has said that existing regulations are applicable to cryptocurrencies.

The Chilean Internal Revenue Service (SII) is the only institution so far to have issued legislation on cryptocurrencies [in Notice no 963, issued on May 14, 2018](#). The SII released a determination on the taxation of income obtained from buying and selling cryptocurrencies. It said that Tax Form 22 would require the declaration “from the sale of foreign currencies of legal course or assets digital/virtual, such as cryptocurrencies (for example, bitcoins)”.

**Colombia** – In Colombia there is no specific legislation regulating the use of cryptocurrencies. The [Banco de la República](#), the country’s monetary, exchange and credit authority, and the Superintendencia Financiera de Colombia (SFC), the government agency responsible for overseeing financial regulation and market systems, released statements on cryptos warning they are not legal tender or valid investments for supervised entities, and firms are not authorized to advise or manage them.

The [Superintendency of Corporations in Colombia](#) has stated that companies can legally purchase cryptos such as bitcoin, however such “intangible assets” are unregulated. The country’s tax authority, Directorate of National Taxes and Customs (DIAN) said “virtual currencies are not money for legal purposes. However, in the context of mining activity, insofar as they are received in exchange for services and/or commissions, they correspond to income and, in any case, to goods that can be valued and generate income for those who obtain them as from be part of your patrimony and take effect in tax matters.”

The SFC has authorized the creation of a sandbox test environment for supervised firms and crypto-asset exchange platforms to test the handling of transactions.

**Ecuador** – In January 2018 the [Central Bank of Ecuador](#) informed citizens that bitcoin “is not a means of payment authorized for use in the country”. Financial transactions are not controlled, supervised, or regulated by any entity in the country, and this presents a financial risk to those who use it.

Despite this warning, the Central Bank has said that “ the purchase and sale of cryptocurrencies - such as bitcoin - through the internet is not prohibited”.

**Peru** – There has been no specific legislation in Peru related to cryptocurrencies and no supervision is provided by the [Securities Market Agency \(SMV\)](#), the [Banking, Insurance and Pension Fund Manager Agency \(SBS\)](#), or the [Peruvian Central](#)

[Reserve Bank \(BCRP\)](#). The BCRP has said that these financial assets are not legal tender, nor are they supported by central banks, so they fail fully to meet the functions of money as a medium of exchange, unit of account and store of value.

The regulators in Peru have issued several public warnings about the potential risks of loss in virtual currencies as they are not supervised by the SBS, and that the assets could be used in unlawful activities. The SBS has said it will assess the option of regulating the cryptocurrency sector to prevent asset laundering activities.

**Uruguay** – There is no specific legislation on cryptocurrencies in Uruguay. The [Uruguayan Chamber of FinTech](#) has, however, announced the formation of a cryptocurrency committee to analyze what future regulations might look like. The country is widely viewed as bitcoin and blockchain-friendly with no regulations specifically banning or permitting the use of cryptocurrencies.

**Venezuela** – Prior to 2018, law enforcement arrested and seized assets of bitcoin miners but has now declared cryptocurrencies such as bitcoin legal. The Superintendency of Crypto-assets and Related Activities of Venezuela (SUPCACVEN) is the governmental agency in charge of regulations, control, and protection of crypto-assets. The government of Venezuela has also created its own cryptocurrency called the Petro, which is backed by the value of Venezuelan oil.

## Europe

**Austria** – [The Financial Market Authority \(FMA\)](#) has warned investors that cryptocurrencies are risky and that the FMA does not supervise or regulate virtual currencies, including bitcoin, or cryptocurrency trading platforms. “Bitcoins are a virtual currency and are not subject to supervision by the Financial Market Authority. For some bitcoin-based business models, it may, however, be necessary to hold a license issued by the Financial Market Authority.”

Cryptocurrencies are legal and are not considered a form of currency or a financial instrument. The [Austrian Ministry of Finance](#) classes cryptocurrencies as “other (intangible) commodities”.

As a member of the EU, regulations and guidance issued by the [European Supervisory Authorities](#) (the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA)) apply . Virtual currencies are defined by the European Central Bank (ECB) as “a digital representation of value, not issued by a central bank, credit institution or e-money institution, which, in some circumstances, can be used as an alternative to money”.

**Belgium** – [The Belgian Financial Services and Markets Authority](#) and the National Bank of Belgium have published guidance and warnings to the public regarding scams and concerning investor

protection. Belgium has, however, fostered a strong fintech community involved in digital assets and blockchain.

Gains on cryptocurrencies are taxable by the [Special Tax Inspectorate \(STI\)](#) as “miscellaneous income”.

As a member of the EU, regulations issued by the [European Supervisory Authorities](#) (EBA, EIOPA and ESMA) apply. Virtual currencies are defined by the European Central Bank (ECB) as “a digital representation of value, not issued by a central bank, credit institution or e-money institution, which, in some circumstances, can be used as an alternative to money”.

**Bulgaria** – The [Bulgarian National Bank](#) and the [Bulgarian Commission for Financial Supervision](#) have not defined cryptocurrencies as financial instruments or electronic money. Firms providing services for cryptocurrencies such as exchanges and digital wallets are required to register with the [National Revenue Agency](#) and declare activities, as gains on transactions are taxable and treated as income.

Bulgarian regulators have issued various standard warnings to the public and potential investors about risks associated with digital assets and ICOs. As a member of the EU, European Supervisory Authorities (EBA, EIOPA and ESMA) regulations and guidance apply.

**Czech Republic** – In the Czech Republic, cryptocurrency is largely unregulated and is regarded as a commodity rather

than a currency and are not an official means of payment. The [Czech National Bank \(CNB\)](#) permits Czech banks to offer crypto-related services as long as they comply with AML regulations.

The Czech Republic has implemented a stricter legal model than AMLD5 requiring that every cryptocurrency-related firm be regulated by the Czech government. AML regulations apply to anyone that provides cryptocurrency services, including “those who buy, sell, store, manage, or mediate the purchase or sale of cryptocurrencies or provide other services related to such currencies as a business.”

Cryptocurrencies for individuals are taxed at a rate of 15%, while businesses are taxed at a rate of 19%.

**Denmark** – The Danish Financial Supervisory Authority (FSA) is the main supervisory authority in Denmark. Cryptocurrency regulation is, however, influenced by EU law. An amendment in January 2020 to the [Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism](#) defines a virtual currency as “a digital representation of value that is not issued or guaranteed by a central bank or a public authority, is not necessarily attached to a legally established currency and does not possess a legal status of currency or money, but is accepted by natural or legal persons as a means of exchange and which can be transferred, stored and traded electronically”.

Denmark has also implemented the Fifth European Directive on Anti-Money Laundering (AMLD5)

The Danish central bank, the [Nationalbanken](#), is working on developing a digital currency, the “e-krone.”

**Estonia** – Estonia has been an early crypto frontrunner with more than 1300 crypto exchanges. In January 2021 the Ministry of Finance in Estonia proposed to regulations for virtual currency service providers. The new regulations require “virtual currency service” firms to have their registered office, management, and place of business located in Estonia. Such firms include wallets and trading platforms,

Although virtual currencies are not subject to securities regulation in the EU, the new rules attempt to address some of the regulatory issues. Firms will be subject to the supervision of the [Financial Supervision Authority](#) which will require minimum capital standards, IT standards, audits, and reporting. All current license holders are required to re-apply for a new license.

Income derived from cryptocurrencies in Estonia are taxable by the county’s Tax and Custom Board.

**Finland** – In May 2019, [Finland’s Financial Supervisory Authority \(FSA\)](#) began regulating virtual currency exchange providers, wallets, and issuers of virtual currencies. Registration is required to ensure compliance with statutory requirements surrounding reliability of the provider, protection of client money, segregation of assets, marketing, and compliance with AML/CFT regulations.

The FSA has warned consumers of the risky, volatile and speculative nature of the investments. Finland has joined

the European Blockchain Partnership and agreed to the Fifth European Directive on Anti-Money Laundering (AMLD5).

**France** – In April 2019, the French National Assembly adopted the [Plan d’Action pour la Croissance et la Transformation de Enterprises](#) (PACTE – Action Plan for Business Growth and Transformation) that will establish a framework for digital asset services providers. France’s [Financial Market Authority \(AMF\)](#) has adopted new rules and regulations for cryptocurrency service providers and ICOs, related to the (PACTE).

The [French Ministry of Finance](#) plans to propose new AML/CFT rules related to digital assets. The new rules would impose new requirements on crypto exchanges and would prohibit anonymous accounts. The new regulations would better harmonize the French AML framework with [Financial Action Task Force \(FATF\)](#) principles and respond to new risks associated with digital assets.

**Germany** – The German government was one of the first countries to provide legal certainty to financial institutions allowing them to hold crypto-assets. Regulations stipulate that citizens and legal entities can buy or trade crypto-assets as long as it is done through licensed exchanges and custodians. Firms must be licensed with the [German Federal Financial Supervisory Authority \(BaFin\)](#).

Germany has signed up to requirements under the EU Fifth Anti-Money Laundering Directive (AMLD5). Germany has established licensing requirements for custody services and has defined crypto-assets as a digital representation of value, not issued or guaranteed by a central bank or public authority, with no legal status of currency or money. Crypto-assets are, however, based on agreement and accepted a means of exchange or payment, an investment, and can be transferred, stored, and traded electronically.

**Greece** – The [Hellenic Capital Market Commission](#) views cryptocurrencies as portfolio assets and not currency. It requires providers of digital wallets, custody services, and exchange services between cryptos and fiat currencies to be registered.

Greece has joined the European Blockchain Partnership and agreed to the Fifth European Directive on Anti-Money Laundering (AMLD5).

Taxation for mining is considered income from commercial enterprises and the profits that will arise after deducting the operating expenses are taxed according to the general provisions and the applicable tax rates. Holders of cryptocurrencies are taxed at a rate of 15% as income from capital gains.

**Bailiwick of Guernsey** – The territory of Guernsey within the British Isles is known as a Crown Dependency but is not part of the United Kingdom, rather a self-governing possession of the British Crown. The Guernsey Financial Services Commission (GFSC) is the body responsible for the regulation of the finance sector.



Although the GFSC has warned of the risks associated with cryptos, it has taken a light regulatory approach. According to the [GFSC website](#), “Virtual or crypto currencies could interact with our regulatory laws in a number of ways and therefore any application would need to be assessed on its individual merits. We will assess any application by the same criteria we use for other asset types or structures, which means we would look to ensure that key controls are appropriate - for example around custody, liquidity, valuation of assets and investor information.”

The GFSC has stated that it will assess applications on individual merits against the criteria used for asset types or structures, as cryptocurrencies “could interact with regulatory laws in a number of ways.” Applicants must demonstrate how they will comply with AML/CTF laws and rules. The GFSC has also said it would be cautious to approve applications for ICOs and applications for any kinds of digital currency exchanges.

There are no specific laws in Guernsey regulating the taxation of virtual currencies. However, Guernsey is party to an intergovernmental agreement with the United States regarding the Foreign Account Tax Compliance Act of 2009 (FATCA).

**Hungary** – The National Bank of Hungary, the Magyar Nemzeti Bank (MNB) has issued a public statement warning citizens who use or invest in cryptocurrencies such as bitcoin, citing their unregulated nature and risks with cryptocurrencies. The [MNB published a report on FinTech and digitalization](#) in April 2020 that included an analysis of the FinTech sector, profitability, and services across the FinTech market.

Lawmakers have considered reducing taxes on cryptocurrency trading to 15% of income, down from the current rate of 30.5% to try to stimulate the economy after being hard hit by the COVID pandemic.

Cryptocurrency regulations are underdeveloped in Hungary. However, Hungary has joined the European Blockchain Partnership and agreed to the Fifth European Directive on Anti-Money Laundering (AMLD5).

**Ireland** – [The Central Bank of Ireland](#) has issued warnings on the risks associated with cryptocurrencies such as bitcoin and Ether as they are unregulated. Although they can be used as a means of payment, they do not have legal tender status, and are not guaranteed or regulated by the Central Bank of Ireland, or any other central bank in the EU. Ireland’s Department of Finance has proposed the creation of a new blockchain working group to help create a coordinated approach to rules around cryptos. The group published a report titled, “[Virtual Currencies And Blockchain Technology](#).”

[Ireland’s Office of Revenue Commissioners released a manual](#) on the tax treatment of various transactions under cryptocurrencies. It clarified that ordinary tax rules apply, and that cryptocurrency mining would generally not be subject to VAT.

Ireland has joined the European Blockchain Partnership and agreed to the Fifth European Directive on Anti-Money Laundering (AMLD5).

**Isle of Man** – The territory of Guernsey within the British Isles is known as a Crown Dependency but is not part of the United Kingdom, rather a self-governing possession of the British Crown. The Isle of Man is considered one of the most attractive locations for crypto companies because of secure data centers, low cost of electricity, friendly regulatory and tax environment.

The Isle of Man Financial Services Authority (FSA) and the Digital Isle of Man, an executive agency within the government’s enterprise department published [guidance](#) aimed at giving companies greater clarity when setting up blockchain-related business in the jurisdiction.

Cryptocurrencies such as bitcoin are considered securities and fall outside regulatory oversight. However, companies involved with the assets must register with the FSA and comply with AML/CTF requirements. Tokens or cryptocurrencies that offer a store of value or access to services and are not a form of e-money would be unregulated.

**Italy** – Italy joined [the European Blockchain Partnership](#) (EBP) along with 22 other countries in April 2018. The EBP was established to enable member states to work together with the European Commission on blockchain technology.

Cryptocurrencies and blockchain are regulated at the legislative level in Italy under Legislative Act no. 90. The decree in 2017 grouped cryptocurrency exchanges with foreign currency exchanges. Although the decree states that cryptocurrencies are not issued by the central bank and are not correlated with other currencies, it is a virtual currency used as a medium of exchange for goods and services. Italian AML regulations are based on EU and FATF recommendations.

**Bailiwick of Jersey** – The territory of Guernsey within the British Isles is known as a Crown Dependency but is not part of the United Kingdom, rather a self-governing possession of the British Crown. In 2016 amendments to the Proceeds in Crime Law categorize virtual currency as a form of currency. Financial services business such as exchanges are subject to Jersey’s AML requirements and must comply with the island’s laws, regulations, policies and procedures related to AML/CTF.

Virtual currency exchanges are a supervised business and are required to register with, and fall under the supervision of, the [Jersey Financial Services Commission](#) (JFSC).

Mining of cryptos on a small scale in Jersey is not taxable. However, exchanging cryptocurrencies to and from conventional currencies and other cryptocurrencies will be liable to income tax, if they are considered to be “trading.”

**Latvia** – Latvia’s [Financial and Capital Market Commission](#) has warned investors that cryptocurrencies “operated in

an infrastructure that is currently characterized by lower regulation than in the financial and capital markets.”

In the past several years Latvia has launched an effort to improve its AML regulations. In 2019 it expanded the role of the Financial and Capital Market Commission to cover AML/CTF and impose beneficial ownership requirements on local limited companies, foundations, unions, and other enterprises.

The Latvian Finance Ministry imposes a 20% tax on capital gains from cryptocurrencies

Latvia signed a declaration creating the European Blockchain Partnership.

**Lithuania** – The Bank of Lithuania (LB) [defined](#) cryptocurrencies in 2017. Also known as virtual currencies, cryptocurrencies such as bitcoin is non-regulated digital money that can be used as means of payment, and this money is issued and guaranteed by a non-central bank.

Lithuania requires crypto firms to register with the country's Center of Registers. Registrants must adopt comprehensive KYC and AML procedures and are expected to inform the Financial Crime Investigation Service (FCIS) about large transfers.

In a June [2020 report](#) from the EU, Lithuania has made progress towards eliminating gaps in its regulation and supervision of cryptocurrency and claims to have gone beyond requirements in the fifth EU Anti-Money Laundering Directive (AMLD 5).

Lithuania State Tax Inspectorate considers cryptos as “property” and assesses a 15% rate on the gains.

**The Netherlands** – The Dutch Central National Bank De Nederlandsche Bank N.V., [\(DNB\) requires crypto firms to register](#). In May 2020 the Dutch Implementation Act amended Dutch AML rules and implemented the Fifth European Directive on Anti-Money Laundering (AMLD5).

The DNB defines cryptos as “a digital representation of value that is not issued or guaranteed by a central bank or a public authority, is not necessarily attached to a legally established currency and does not possess a legal status of currency or money, but is accepted by natural or legal persons as a means of exchange and which can be transferred, stored and traded electronically”.

**Norway** – [The Financial Supervisory Authority of Norway “Finanstilsynet”](#) and the country's Ministry of Finance has established money laundering regulations which apply to “Norwegian providers of virtual currency exchange and storage services.”

Although the laws require firms such as storage services and exchanges that convert cryptos to fiat currency to comply with AML rules, it does not impose other regulatory obligations on other crypto services.

“Finanstilsynet will ensure that virtual currency exchange and storage providers comply with the money laundering

rules. However, FSA does not have any tasks monitoring other areas of these providers, such as investor protection,” the regulator said.

**Poland** – The [National Bank of Poland and the Polish Financial Supervision Authority \(KNF\)](#) have warned of the risks associated with cryptocurrencies. The KNF has said that the cryptocurrency market is not a regulated or supervised market. “The KNF does not authorize, supervise or exercise any other supervisory powers in relation to the trade in cryptocurrencies. Some entities operating in the cryptocurrency market are authorized to provide payment services, in particular to settle payments made with legal tender (fiat money) in exchange for the cryptocurrencies being bought or sold.”

Cryptocurrencies are not considered legal tender. Gains on digital assets are, however, subject to capital gains taxes and VAT. Poland signed a declaration creating the European Blockchain Partnership (EBP).

**Portugal** – Despite issuing warnings about the risks related to cryptos, Portugal is widely seen as the most crypto-friendly country in Europe. The legal status of cryptocurrency in Portugal was officially clarified in [a statement by the Portuguese tax authorities](#) and was subsequently reaffirmed by the [Journal de Negocios](#). Portugal does, however, follow EU regulation as has agreed to the Fifth European Directive on Anti-Money Laundering (AMLD5).

The country's non-habitual tax regime (NHR) has attracted many crypto traders as it allows for exemptions and reductions in tax for a 10-year period for individuals of high cultural or economic worth.

“An exchange of cryptocurrency for ‘real’ currency constitutes an on-demand, VAT-free exercise of services,” the Portuguese tax authorities have said.

**Spain** – Spain was a notable early hot spot for cryptocurrencies among EU members, with merchants accepting payments and bitcoin kiosks in the streets. Despite no formal legal status, virtual currencies in Spain are taxable as income and under VAT.

In 2021 the Spanish Securities and Exchange Commission, the Comision Nacional del Mercado de Valores (CNMV) and the Bank of Spain issued a joint statement warning of the risks and volatility. The [joint statement](#) also highlighted that, from a legal standpoint, cryptocurrencies are not a means of payment and are not backed by a central bank or other customer protection mechanisms or authority.

The [Royal Decree Law 5/2021](#) included a provision giving the CNMV power to regulate advertising related to cryptocurrencies.

**Sweden** – The Swedish Financial Supervisory Authority (FSA) and the central bank have publicly declared bitcoin as a legal. From a tax perspective they are viewed as an asset, not a currency or cash.

The [FSA has warned](#) of the risks associated with cryptos and investment products with cryptos as underlying assets such as exchange traded products (ETPs). Sweden has imposed regulatory registration requirements that subjects custodians, wallet providers, and exchanges to comply with the Swedish Anti-Money Laundering Act.

Sweden's Central Bank, the Riksbanken, has been a leader in developing a digital central bank currency, the e-krona.

**Switzerland** – Switzerland is known as one of the most cryptocurrency-friendly nations in the world. Switzerland's financial markets regulator, the [Swiss Financial Market Supervisory Authority \(FINMA\)](#) has defined licensing requirements for cryptocurrency businesses of all types including bitcoin kiosk operations, and has created requirements for blockchain companies.

Cryptocurrency businesses are subject to AML regulations and licensing requirements under FINMA. FINMA's regulatory environment complies with the FATF's digital asset regulation issued in June 2019.

## Asia, Australia and rest of world

**Australia** – In 2018 new laws for digital currency exchange providers operating in Australia were implemented by the [Australian Transaction Reports and Analysis Centre \(AUSTRAC\)](#), Australia's financial intelligence agency and anti-money laundering and counter-terrorism financing (AML/CTF) regulator.

Firms are required to register and implement KYC policies, report suspicious transactions, and comply with AML legislation.

**Bangladesh** – The Bangladesh Central Bank issued warnings in 2014 and 2017 related to transactions in cryptocurrencies and warned violations could be punishable by up to 12 years in jail under existing money laundering and terrorist financing regulations. Despite prohibitions on the use of cryptocurrencies, Bangladesh has proposed a national "[blockchain strategy](#)" perhaps signaling a change in the future. However, concerns over a foreign flight of local capital is a major concern hindering cryptos.

**Bermuda** – The offshore finance and insurance center Bermuda, has adopted a business-friendly approach to the oversight of cryptos and related businesses. The [Digital Asset Business Act](#) and the Companies and Limited Liability Company Initial Coin Offering Amendment Act, passed in 2018, defines digital assets and provide standards governing ICOs and digital asset businesses.

ICOs are classified as a restricted business activity that requires approval from the Bermuda Monetary Authority. Digital asset businesses are required to register and comply with AML/CTF regulations, specifically, the Proceeds of Crime Acts.

**Turkey** – Although not "illegal" in Turkey, authorities have demanded user information from crypto trading platforms. [Turkey's Central Bank](#) has banned the use of cryptocurrencies, and other such digital assets based on distributed ledger technology cannot be used, directly or indirectly, to pay for goods and services. The central bank has said crypto-assets are "neither subject to any regulation and supervision mechanisms nor a central regulatory authority".

**United Kingdom** – [The UK Financial Conduct Authority \(FCA\)](#), HM Treasury, and the Bank of England make up the country's [Crypto-assets Taskforce](#).

The FCA has created regulations to cover know your customer (KYC), AML and CFT tailored for crypto-assets. It has also created regulations to cover virtual asset service providers (VASPs) but has been careful to not stifle innovation. Crypto exchanges must register with the FCA unless they have applied for an e-money license. Cryptocurrencies are not considered legal tender and taxes are levied based on activities. The FCA has banned the trading of cryptocurrency derivatives.

The UK published a [call for evidence](#) on digital assets in April 2021. The request seeks input from stakeholders ahead of publication of a consultation paper on digital assets which will make proposals for new laws.

There are no specific taxes on income, capital gains, or other taxes on digital assets in Bermuda.

**Cayman Islands** – In May 2020, Cayman Islands lawmakers enacted several new [legislative acts](#) regulating the cryptocurrency industry. The centerpiece, the Virtual Asset Service Provider (VASP) Law, makes it mandatory for digital asset businesses to be registered with the Cayman Islands Monetary Authority (CIMA).

The Cayman's new crypto regulations provide regulatory certainty for VASPs and align with international anti-money laundering (AML) and counter-terrorism funding (CFT) regulations to protect consumers and to meet the requirements of the FATF Recommendations.

**China** – [The People's Bank of China](#) banned financial institutions from dealing in cryptocurrencies in 2013 and later expanded the bans to crypto exchanges, and ICOs. China has been the epicenter for mining because of low electricity costs. Although a ban on crypto mining was considered, in 2019 the government reconfirmed that it would remain legal. In May 2021, China's Financial Stability and Development Committee, the financial regulatory agency under Vice-Premier Liu He, said the Chinese government would "crack down on bitcoin mining and trading behaviour, and resolutely prevent the transfer of individual risks to the society."

Despite the prohibitions on some crypto activities, and warnings it is not illegal for Chinese to hold or trade bitcoin or other cryptocurrencies, however, many are considering

relocating, or opting for work arounds such as foreign-based exchanges and websites.

The PBOC has embraced blockchain technology and has been on the forefront of developing the central bank's digital currency, the digital yuan.

**Hong Kong** – Hong Kong has long been vying to be a FinTech hub. However, the [Hong Kong Securities and Futures Commission \(SFC\)](#) has enacted a strict regulatory framework and licensing requirements for virtual asset service platforms (VASPs). It has also proposed a ban of crypto trading for retail investors. Only professional investors who have over HK\$8 million in assets would be allowed to trade.

Bitcoin is defined as a virtual commodity and not legal tender. There are no capital gains taxes and AML/CFT laws apply to every individual or business in Hong Kong, irrespective of activity and are in accordance with FATF requirements.

**India** – In 2018 the [Reserve Bank of India \(RBI\)](#) banned cryptocurrency trading and prohibited Indian banks from dealing with cryptocurrency exchanges over consumer protection, AML, and market integrity concerns. However, in 2020 the Indian Supreme Court struck down the ban clarifying that no prohibition exists.

Despite widespread concerns, skepticism, and the prior bans on cryptocurrencies, India has encouraged innovation and the use of blockchain. It has also begun work on a state-backed digital central bank currency, the digital Rupee.

**Indonesia** – In Indonesia virtual currencies are not considered legal tender. In 2019 the Indonesian Commodity Futures Trading Regulatory Agency (Bappebti) approved [regulation no. 5/2019](#) which legally recognizes and regulates bitcoin and other cryptocurrencies as commodities. Derivative transactions, and cryptocurrency exchanges are also subject to regulatory requirements of Bappebti.

The regulation defines a "Crypto Asset" as "an intangible commodity in the form of a digital asset that uses cryptography, a peer-to-peer network and distributed-ledger technology to regulate the creation of new units, verify transactions and ensure transaction security without the involvement of a third party intermediary."

Bank Indonesia, the country's central bank has banned the use of cryptocurrencies as a payment tool.

**Iran** – The [Iranian Central Bank](#) has authorized banks and currency exchanges to use cryptocurrencies mined by licensed crypto miners in the country. Although mining is legal, the country takes a heavy-handed approach requiring firms to sell cryptos to the central bank to fund imports.

The country has issued over a thousand licenses to crypto miners and shut down unlicensed firms. Trading outside the country has been banned, to stop capital flight. The use of cryptos for payments has also been banned.

**Israel** – The Israeli Securities Authority has ruled that [cryptocurrency is a security](#) (link in Hebrew) subject to Israel's Securities Laws.

The [regulator has warned](#) the public of the risks associated with cryptocurrencies. The Israel Money Laundering and Terror Financing Prohibition Authority has taken a similar approach to AML/CTF requirements as FATF. The Israel Tax Authority defines cryptocurrency as an asset and demands 25% on capital gains.

**Japan** – Japan has one of the most progressive and developed regulatory regimes for cryptocurrencies. Cryptocurrency exchanges must be registered and comply with traditional AML/CFT and other regulations. They are regulated under the Payment Services Act (PSA) which defines "cryptocurrency" as a property value and not a legal tender.

In December 2017, Japan's [National Tax Agency](#) ruled that gains on cryptocurrencies should be categorized as "miscellaneous income" and taxed accordingly. There have been several new regulations and amendments to the PSA and to the [Financial Instruments and Exchange Act \(FIEA\)](#), introducing the term "crypto-asset," and regulating crypto derivatives trading. Cryptocurrency custody service providers (that do not sell or purchase crypto-assets) fall under the scope of the PSA, while cryptocurrency derivatives businesses fall under the scope of the FIEA.

In April 2020, Japan was the first country to create self-regulatory bodies, the [Japanese Virtual Currency Exchange Association \(JVCEA\)](#) and the [Japan STO Association](#). The JVCEA and the STO Association promote regulatory compliance and play a significant role in establishing best practices and ensure compliance with regulations.

**Malaysia** – The Securities Commission Malaysia (SC) issued guidelines on the regulation of various digital currency platforms operating in the country. [The Capital Markets and Services \(Prescription of Securities\) \(Digital Currency and Digital Token\) Order 2019](#) ruled that digital tokens are "securities" for purposes of securities laws.

Digital currency is defined as "a digital representation of value recorded on a distributed digital ledger that functions as a medium of exchange and is interchangeable with any money including through the crediting and debiting of an account." All exchange offerings and digital asset custodians are required to register and "assess and conduct the necessary due diligence on the issuer, review the issuer's proposal and the disclosures in the whitepaper, and assess the issuer's ability to comply with the requirements of the Guidelines and the SC's Guidelines on Prevention of Money Laundering and Terrorism Financing."

**New Zealand** – The [Financial Markets Authority of New Zealand](#) has determined that certain activities considered "financial services" include exchanges, wallets, deposits, broking and ICOs involving crypto-assets that are classed as "financial products" under the [FMC Act of 2013](#), additional



obligations will apply. The Inland Revenue Department (IRD) of New Zealand considers cryptocurrencies as “property” with gains and losses taxable.

**Philippines** – The Philippine Central Bank, the [Bangko Sentral ng Pilipinas \(BSP\)](#) requires virtual asset service providers (VASPs) to register. The BSP has developed an AML framework in line with FATF guidelines.

The BSP licensing requirements include exchanges of virtual assets and fiat currency. All transactions are treated as cross-border wire transfers and crypto service providers are expected to comply with relevant BSP rules. Additionally, BSP licensed firms must comply with rules for money service businesses such as liquidity risk management, IT risk management, and consumer protection.

The National Internal Revenue Code (NIRC) of the Philippines states that any income of an individual or corporation, in whatever form, obtained in the Philippines is taxable.

**Russia** – In 2020, Russian President Vladimir Putin signed into a law that regulates digital financial asset transactions. Under the law which took effect on January 1, 2021, digital currencies are recognized as a payment means and investment. However, the digital currency cannot be used to pay for any goods and services.

Previously digital currencies were banned. Russian banks and exchanges can become exchange operators of digital financial assets if they register with the Bank of Russia.

[The Central Bank of Russia](#) has also unveiled plans to develop a digital central bank currency, the Digital Ruble.

**Saudi Arabia** – The Saudi Arabian Monetary Authority (SAMA) and [Minister of Finance](#) have warned “against dealing or investing in virtual currencies including cryptocurrencies as they are not recognized by legal entities in the kingdom. They are outside the scope of the regulatory framework and are not traded by financial institutions locally. Such crypto currencies have been associated with fraudulent activities and attract suspicion of use in illegal and illegitimate financial activities in addition to their high-investment risks related to frequent price fluctuations.”

While SAMA has warned the public of risks of cryptocurrencies, and that they are not legal tender, bitcoin is accepted by small businesses and merchants.

SAMA has begun using blockchain technology in its activities in the banking sector and to keep pace with market trends. SAMA has also created a [regulatory sandbox](#) for collaboration on new digital banking services and blockchain education programs.

**Singapore** – Cryptocurrencies are regulated by the [Monetary Authority of Singapore](#) (MAS). The Payment Services Act of 2019 regulates traditional and cryptocurrency payments and exchanges. The Securities

and Futures Act is also applicable for public offerings and issues of digital tokens.

A May 2020 [Guide to Digital Token Offerings](#) published by the MAS, details the regulations surrounding digital tokens and their applicability to securities, collective investments, derivative contracts and the determination if a token is a type of “capital market product.” The AML/CFT provisions under the PSA address the risk of financial crimes and promotes best practices, including KYC, to help crypto businesses comply with the new regulatory framework.

[The Inland Revenue Authority](#) has said, “Businesses that choose to accept digital tokens such as bitcoins for their remuneration or revenue are subject to normal income tax rules. They will be taxed on the income derived from or received in Singapore. Tax deductions will be allowed, where permissible, under our tax laws.”

**South Africa** – The [South African Reserve Bank](#), the Financial Sector Conduct Authority, and the National Treasury, and an Intergovernmental [FinTech Working Group](#) have [published](#) plans to develop a registration regulatory framework. The plans would codify FATF AML recommendations.

Virtual currency is not considered legal tender in South Africa.

The South African Revenue Service (SARS) considers cryptocurrencies such as bitcoin to be intangible assets rather than currency or property. They are taxed as long-term or short-term income ranging from 18% to 40% allowing for deduction of costs.

**South Korea** – Regulators in South Korea have taken a cautious approach to cryptocurrency exchanges and companies. Companies are subject to equivalent AML and tax obligations as other financial institutions.

In the wake of several large crypto-exchange hacks, South Korea passed the “Act on Reporting and Using Specified Financial Transaction Information,” also known as the Financial Transaction Reports Act ([FTRA](#)), which requires virtual asset service providers (VASPs) to register and comply with AML regulations.

South Korea has sought to ensure market integrity compliance with the FATF.

**Taiwan** – Taiwan’s Central Bank and [Financial Supervisory Commission \(FSC\)](#) have warned that cryptocurrencies are not currencies, but rather commodities and have no legal protection. The FSC has been empowered under the country’s [Money Laundering Control Act](#) and Terrorism Financing Prevention Act to require users on trading platforms to register their “real names.” The FSC implemented new money laundering regulations for the nation’s cryptocurrency exchanges, requiring them to report transactions valued at more than NT\$500,000 (US\$17,770),

The FSC has required platform operators operating STO business to obtain a securities dealer's license and comply with the securities business prevention system Money Laundering and Anti-Terrorism (AML/CFT) regulations. Banks must report suspicious anonymous transactions. However, there are presently no regulations on crypto mining.

**Thailand** – The Securities and Exchange Commission (SEC) of Thailand regulates cryptocurrencies under an [Emergency Decree on Digital Asset Businesses B.E. 2561](#) issued in 2018. Under the decree, digital asset businesses are required to apply for a license, monitor for unfair trading practices, and are considered “financial institutions” for AML purposes among others.

Gains on taxed as income and subject to a top tax bracket of 35%.

**United Arab Emirates** – The UAE has been forward-looking in crypto and blockchain. The Dubai Financial Services Authority (DFSA) included a crypto regulatory framework in its 2021 business plan for firms operating in the Dubai International Financial Center.

The UAE Securities and Commodities Authority issued its regulation in 2020, which seeks to provide clarity as to how crypto and other digital assets may be used as a stored value when purchasing various goods and services.

The Financial Services Regulatory Authority (FSRA) of Abu Dhabi Global Market (ADGM) has enhanced its [“Guidance for the Regulation of Crypto Asset Activities”](#)

The UAE and Saudi Arabia are reportedly working on research for a CBDC dubbed “Project Aber.”