

Legal Issues of Taxation of Income from Crypto-Assets

Abstract

This thesis dissects the taxation of income from crypto-assets from the legal perspective. The author aims to apply an effective tax treatment of a wide range of diverse and differently taxable activities related to crypto-assets, in which a taxable event may occur, to critically analyze the shortcomings in the tax system in relation to crypto-assets, to propose a solution and to compare the taxation of crypto-assets in the Czech Republic with foreign legal systems. To this end, the thesis is divided into five chapters.

The first chapter is devoted to a brief general discussion of taxes, outlining the structure of income and value added taxes in the Czech Republic and serving to link theory and practice in the subsequent chapters.

The second chapter deals with the legal classification of crypto-assets from the perspective of domestic legislation, European Union legislation, but also from the perspective of state authorities and state administration.

The core part of the thesis is the third chapter. There, the author applies relevant tax treatment to individual activities related to crypto-assets, performs a legal analysis to determine the tax liability, defines the shortcomings in the tax system and controversial issues in the application of the regulation and suggests ways to resolve them. Specifically, the author analyzes investing in crypto-assets, trading crypto-assets, mining crypto-assets, staking and interest on crypto-assets, peer-to-peer transactions in crypto-assets and their exchange, accepting payments in crypto-assets, purchasing goods and services with crypto-assets, donating crypto-assets, airdrops of crypto-assets, paying and receiving wages in crypto-assets, Play to Earn type of activities and winning crypto-assets in gambling and operating a cryptocurrency casino.

The fourth chapter compares domestic legislation with the taxation of crypto-assets abroad. For this purpose, the author selected the relatively detailed yet draconian tax legislation of neighboring Slovakia and the taxpayer-friendly tax system of the cryptocurrency hub of the United Arab Emirates.

The last, fifth chapter, is devoted to a partial summary of the identified problems and controversial questions. The author reflects on possible future laws in the light of the previous chapters.

Keywords: crypto-assets, tax, income