European Journal of Sustainable Development (2025), **14**, 2, 529-542 ISSN: 2239-5938
Doi: 10.14207/ejsd.2025.v14n2p529

Cryptocurrency Taxation Features: International Experience for Sustainable Development of Ukraine's Tax Sphere

By Igor Andrushchenko[1], Vitaliy Oksin[2], Serhii Drozd[3], Hanna Zaikina[4], Yevhenii Frantovskyi[5]

ABSTRACT:
The article is devoted to the analysis of the international experience of cryptocurrency taxation. The research methodology includes the use of general scientific and special methods of scientific knowledge, including dialectical, formal and logical, hermeneutics, generalization, comparison, analysis, synthesis, generalization, etc. It is noted that the tax systems of most countries of the world were not ready for were not ready for cryptocurrencies to come into circulation. Therefore, its non-recognition by individual states is associated with insufficient legal protection and impossibility of regulation in the tax field. This study is based on the experience of introducing cryptocurrency of such countries as Singapore, Australia, Greece, Brazil and New Zealand. Special attention is paid to the legislative consolidation of cryptocurrency in the indicated countries. The authors highlight various methods of cryptocurrencies taxation used in the countries under consideration, and their effectiveness in the tax area. The conclusion on the need to harmonize international approaches to cryptocurrencies taxation and develop global standards ensuring its effective regulation is made.

Key words: digital assets, cryptocurrency, electronic money, tax system, legal status, declaration.

1. Introduction

In the modern world, where technological progress is constantly replacing the elements of the functioning of economic and social institutions, cryptocurrency is one of the most discussed topics. Since 2008 (the creation of Bitcoin) and to this day, generating thousands of different kinds, this new form of digital assets has radically changed the idea of money, investments and payments. At the same time, the rapid development of cryptocurrency has become a challenge for tax systems of all countries of the world. The problem is that the tax systems of the most States were not ready for the emergence of cryptocurrency, or in other words – their systems were created only to regulate the

| [1]Candidate of Legal Sciences, Professor of the Department of Economics and Law Disciplines of the Educational and Scientific Institute of Law and Psychology, National Academy of Internal Affairs (Kyiv, Ukraine). https://orcid.org/0000-0002-2988-7579
[2]Doctor of Law, Professor, Professor of the Department of Public Management, Administration and Law of the National University "Yurii Kondratyuk Poltava Polytechnic" (Poltava, Ukraine).
https://orcid.org/0000-0001-6080-7752
[3]Holosiivskyi Police Department of the Main Directorate of the National Police in Kyiv (Kyiv, Ukraine). ORCID: 0000-0002-9522-647X
[4]Doctor of Legal Sciences, Professor, Department of Legal Support and Administration of Transport Activities Ukrainian State University of Railway Transport. https://orcid.org/0009-0007-7141-1391
[5] Candidate of Legal Sciences, Senior Research Fellow of the Scientific Institute of Public Law (Kyiv, Ukraine). https://orcid.org/0009-0007-6966-3135

circulation of national (and/or international) currencies. With the advent of cryptocurrencies, the ability to trade assets in a different way is beginning to develop, to which neither governments nor their economies were adapted. And here the question arises not only in the gradual improvement of legislation on circulation or, conversely, the prohibition of the cryptocurrency circulation of in general, but also in the definition of general concepts (as is still unclear how to classify cryptocurrency – as property, currency, electronic money or securities).

Nevertheless, a number of countries consider cryptocurrencies to be a useful financial innovation that, if properly regulated, can develop the economy and create new jobs. The governments of such countries create cryptocurrency hubs, brokerage offices, attract specialists, and support the development of cryptocurrency exchanges. This approach is used in Malta, where the National Blockchain Strategy is in place and preferential taxes have been introduced for international companies (Binance and OKEx) that actively use cryptocurrencies. In Asia, Singapore is the center of cryptocurrency distribution. The country's government uses flexible approaches to the development of digital technologies in this area. In particular, the “token day” when some retailers accept various cryptocurrencies as payment. Switzerland is striving to create a cryptocurrency industry - a “Crypto Valley” similar to the Silicon Valley. It also has attractive tax rates for this sector. Belarus, which has comprehensive cryptocurrency legislation and a regime that actively promotes the development of digital technologies is an interesting example in the context of this question. The State has a special economic zone called the High Technology Park (HTP), where cryptocurrency exchanges and exchangers can be registered and digital money can be mined. The state does not tax cryptocurrency transactions or taxes them at a minimal rate. At the same time, cryptocurrency exchange operators are obliged to identify customers, comply with financial monitoring requirements, and provide reports on funds. At the same time, the governments of some countries (China, India and South Korea) believe that the legalization and widespread circulation of digital money has more risks than benefits and can seriously harm the financial stability of these countries. For example, China has banned its banks from using cryptocurrencies as a payment instrument. Cryptocurrency exchanges are also prohibited.

Anyway, most States (like Singapore, Australia, Greece, Brazil, New Zealand, etc.) have amended their legislation and introduced various positive mechanisms for the circulation and use of cryptocurrency. This indicates that despite the difficulties encountered by the economy and tax systems at the moment, the governments are striving to improve and adapt in accordance with today’s reality.

Thus, international taxation of cryptocurrencies is an important and, at the same time, complex aspect of financial regulation that requires special attention. Cryptocurrency reveals new opportunities for tax avoidance, in particular due to the anonymity of transactions and the decentralized nature of their functioning. This creates new obstacles not only for governments, but also for tax authorities, which are trying to establish effective methods of control and taxation of these digital assets. That is, we can observe both positive and negative results of cryptocurrency circulation on the global market.

Therefore, within this study, we will analyze the key aspects of international cryptocurrency taxation, including different regulatory approaches depending on the country, adopted legislation and tax systems.

2. Literature Review

The theoretical basis of our research is scientific works by domestic and foreign scholars in the studied area.

Thus, Soloviova in the article "The Legal Nature of Cryptocurrency in Ukraine and the Countries of Continental Europe: Theoretical and Legal Approaches" (2018) analyzes the legal regulation of cryptocurrency in Germany. The author notes that in the country, participants in civil legal relations can conclude barter agreements to exchange cryptocurrency for any other property, works or services.

In contrast, Logoida devotes her research to the regulation of the legal status of cryptocurrencies in Asian countries. In the article "The Legal Status of Cryptocurrency in Asian Countries" (2021), the scientist indicates that "there is no single approach to the legal qualification of cryptocurrency in the system of objects of civil rights in Asia. It is considered as an "intangible asset" (Turkey), "virtual asset", "goods" or even "services" (Israel, Indonesia, Vietnam, Cambodia, Jordan, Taiwan), "digital asset" (Thailand), "market value" (Japan), etc. (2).

Zakharkiv also studies foreign experience in cryptocurrencies. In the work "Regulation of the cryptocurrency market: domestic and foreign experience" (2023), the author concludes that "there are three groups of states that are divided by the number of virtual currency distribution and the effectiveness of cryptocurrency market regulation: 1) in which circulation is regulated by law (USA, Canada, Japan); 2) which have begun to introduce legislative regulation of cryptocurrency circulation, and there are already positive developments (Austria, Norway, Iceland, Finland, etc.); 3) which have not taken any steps or have only recently begun to make legislative attempts to regulate this sphere (Italy, Ukraine)".

Korkushko and Kushnir (2024) also chose the taxation of cryptocurrencies as the topic of their research, and investigated their features in different countries of the world". The scientists analyze the processes of conducting cryptocurrency transactions, among which they distinguish: buying, selling cryptocurrency for cash, exchange, payment for goods and services, mining, remuneration, etc., as well as provide examples of such transactions in different countries of the world.

As for foreign researchers, Robin Hui Huang, Hui Deng, and Aiden Foon Lok Chan in the article "The legal nature of cryptocurrency as property: Accounting and taxation implications" (2023) consider the issue of cryptocurrency as property and its tax consequences for companies that own cryptocurrencies. These consequences are that cryptocurrency, as a method of payment and investment, is an intangible asset in accounting, thus negatively affecting the results of taxation, financial statements of companies and the legal protection process as a whole.

Wenhao Xie, and Guangxi Cao (2024) studied the relationship between cryptocurrency and China's financial markets in terms of variability and profitability. The results of the study indicated that "there is asymmetric risk transfer between cryptocurrencies and the financial market […], and the risk spreading effect is very weak. In particular, the impact of cryptocurrencies on the financial market is much stronger […], and they also have a strong spillover effect on the exchange rate and gold".

Thomas Burgess in the article “A multi-jurisdictional perspective: To what extent can cryptocurrency be regulated? And if so, who should regulate cryptocurrency?” (2024) examines different approaches to cryptocurrency regulation, examining the attitudes of different jurisdictions to classify cryptocurrency as a security, commodity, or property.
It is also worth noting the study “The interconnectedness of stock indices and cryptocurrencies during the Russia-Ukraine war” (2023) by the group of authors Nidhal Mgadmi, Tarek Sadraoui, Waleed Alkaabi, and Ameni Abidi (8), is of great value. The research studies the causality between stock indices and cryptocurrencies amid the ongoing Russia-Ukraine war. Covering the period from February 24, 2022, to April 12, 2023, the study analyzes 7 major stock indices (S&P 500, DAX, CAC40, Nikkei, TSX, MOEX, PFTS) and 7 cryptocurrencies (Bitcoin, Ethereum, Litecoin, Dash, Ripple, DigiByte, XEM). The authors suggest that the resilience of traditional financial markets during the war can be attributed to two main factors: investors' unease regarding the uncertain business environment and, simultaneously, increased speculative interest in digital assets, which are viewed as hedging tools and safe havens in times of crisis.
Despite such a large number of scientific works, the chosen research topic remains relevant, given the popularity of cryptocurrency on an international scale, the problems of its regulation in the legal field, and the instability of the economy.

3. Methodological Framework

Scientific research methods are the system of techniques and tools used to obtain new knowledge, test hypotheses, and solve research problems. They form the basis for developing scientific theories and practical recommendations. The main goal of the methods is to ensure the objectivity and reliability of the results obtained, which is achieved through a systematic approach to data collection and analysis.
Each method has its own specifics, due to which one can study various aspects of the chosen topic in more depth. The research methodology includes the use of general scientific and special methods of scientific knowledge, including dialectical, formal and logical, hermeneutics, generalization, comparison, analysis, synthesis, generalization, etc.
Thus, the hermeneutics method was used by us in the process of interpreting the texts of legislative acts of different countries on the cryptocurrencies regulation, as well as scientific works dedicated to this issue (both by national and foreign authors).
Using general logical methods, including analysis, synthesis, generalization, induction, deduction, analogy, etc. helped to determine the legal status of cryptocurrency, as well as to investigate various taxation systems in accordance within the chosen countries.
The use of the comparative and legal method helped to analyze the features of legislative regulation of the circulation and taxation of cryptocurrency in different countries of the world.
The generalization method helped to draw relevant conclusions on the legal status of cryptocurrency and the main features of cryptocurrency taxation in the selected counties.
Limitations in the choice of scientific research methods are due to available resources (affordable legal instruments on the cryptocurrencies regulation, as well as scientific works dedicated to this issue (both by national and foreign authors), publicly available figures and indicators.

4. Results and Discussion
4.1. The essence of cryptocurrency and its features

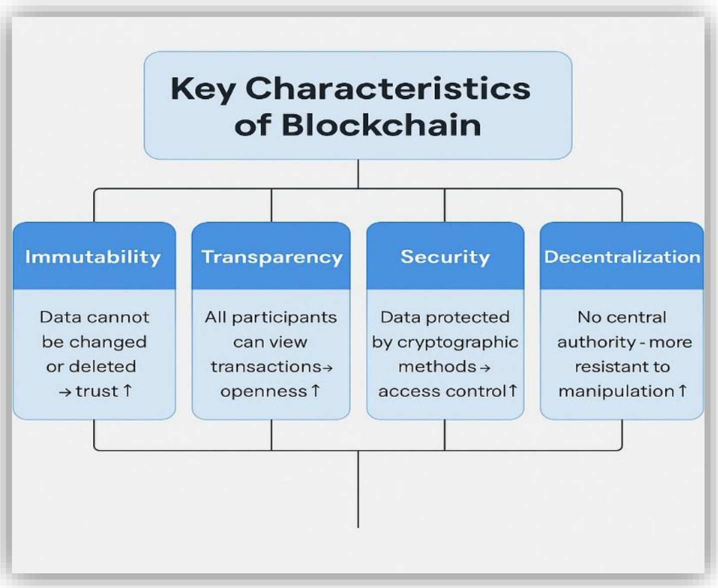
Virtual assets, including cryptocurrency, have long held a significant place in the lives of a number of people. While not everyone actively uses them (some may hesitate to engage with such an innovative phenomenon) it is difficult to find someone who has never heard of cryptocurrency or attempted to understand what it is.

Cryptocurrency is a type of digital currency whose issuance and accounting are carried out by a decentralized payment system in a fully automated mode. It is a digital or virtual currency based on blockchain technology, which enables decentralized, secure, and anonymous transactions without the involvement of banks or other intermediaries. However, despite its decentralization and independence from traditional financial institutions, cryptocurrency is increasingly coming under the scrutiny of government authorities, including tax agencies.

These features make cryptocurrency different from conventional currencies: 1) cryptocurrency has no central authority for management and issuance. Unlike traditional currencies, which are controlled by central banks, cryptocurrencies operate on decentralized networks; 2) cryptocurrency is not backed by any national currency. While traditional money is typically tied to a country's economy and regulated by financial institutions, cryptocurrencies derive their value from supply, demand, and blockchain technology. 3) cryptocurrency cannot be counterfeited. Thanks to cryptographic security and blockchain verification, it is virtually impossible to create fraudulent copies of cryptocurrencies.

Bitcoin is one of the most famous examples of cryptocurrency. Its creation belongs to a person, organization or group called Satoshi Nakamoto, who is anonymous. It has not yet been possible to find out who is behind this name. Thus, in 2008, Satoshi Nakamoto published an official document “Bitcoin: A Peer-to-Peer Electronic Cash System” (2008). The mysterious creator introduced the blockchain system in it – the basis of the cryptocurrency market. Blockchain is a digital book of transactions that is reproduced and distributed across a network of computer systems, protecting information. This allows any person with the access to the Internet to carry out financial transactions independently of banks, financial firms and governments (Pinkerton, 2024). In 2009, the first block in the Bitcoin chain appeared, and now we’re seeing its worldwide popularity, which is not surprising.

In recent years, blockchain technology has become one of the most discussed and promising innovations in the field of financial technologies. The essence of blockchain lies in its ability to provide reliable and transparent data processing without the involvement of intermediaries, making it attractive for financial accounting and tax auditing. Researchers identify the key characteristics of blockchain as transparency, immutability, security, and decentralization. They make blockchain an ideal solution for financial systems where transparency, reliability, and data protection are essential (Rychka, 2024).



One of the most important areas where blockchain technologies can have a significant impact is tax control. Tax oversight systems in various countries are already facing the need for improvement to ensure greater transparency, efficiency, and protection against tax evasion. However, the implementation of blockchain-based solutions in tax control comes with its own specific features, which depend on the particular characteristics of each country. For example, the US Internal Revenue Service (IRS) is already using digital technologies to improve the audit and monitoring of cryptocurrency transactions. This allows them to monitor the flow of financial assets and reduce opportunities for concealing income. One of the key features of introducing blockchain in the US tax control is the regulation of cryptocurrencies and digital assets, which are gradually becoming an important part of the country's financial system. In addition, according to the IRS, due to information obtained from social media and other databases, budget losses are reduced by 300 billion dollars annually (Volosovych et al., 2019).

In EU countries, blockchain is actively being considered as a means of increasing the efficiency of tax authorities and ensuring financial transparency. EU States are conducting experiments using blockchain to automate reporting and the exchange of tax information between various government authorities. It is important to note that within the framework of European policy on combating money laundering, blockchain can be used to track financial flows, significantly facilitating the detection of violations in the tax sphere. For example, Estonia is one of the leaders in this area, implementing blockchain solutions in state registries and tax services. In particular, in Estonia, due to the implementation of blockchain technology, taxpayers can manage their accounts remotely and pay taxes online. The use of distributed ledger technology, in particular the Keyless Signature Infrastructure (KSI) system, allowed nearly 95% of Estonians to submit income information online. This reduced the cost of tax collection and saved citizens up to 5.4 working days per year. In addition, excise, social, and customs declarations can also be submitted online (Volosovych et al., 2019).

Cryptocurrency is also attractive due to its profitable investments. But there are always two sides to popularity, as cryptocurrency can be used to conduct both legal and illegal financial activities. Given this, almost every country in the world is trying to give cryptocurrency a special status to clearly regulate it and prevent financial fraud. Based on this, we propose to study international experience of cryptocurrency taxation in some countries of the world: Singapore, Australia, Greece, Brazil and New Zealand.

4.2. International experience of cryptocurrency taxation in some countries of the world

Singapore. In Singapore, cryptocurrency has legal status in accordance with the Payment Services Act 2019 - PSA (Monetary Authority of Singapore, 2019). This Act establishes the status of cryptocurrency and regulates the activities of a wide range of companies providing payment services, including issuing accounts, local and international money transfer services, electronic money issuers, merchant acquisition, currency exchange and digital payment token services, etc.

Cryptocurrency taxes in Singapore are known to be beneficial for both individuals and businesses, but no capital gains tax for individuals. The government taxes cryptocurrency based on the nature of the activity. For example, if an individual trades cryptocurrency, Singapore will treat such trade as any other business income and will tax this income on profit, which will be reported in the annual tax return. However, if an individual purchases cryptocurrency and holds it for a long time as an investment, such income will not be taxed on capital gains (McClure, 2024).

Under Singapore's tax system managed by IRAS, both residents and non-residents must report income received via cryptocurrency annually. Tax filings should detail crypto transactions involving exchanges for fiat currency, goods, or services, as well as any profits earned from selling cryptocurrencies. Gains might be classified as income or capital gains depending on the nature of the activity.

The tax return filing deadline for cryptocurrency transactions in Singapore is the general tax schedule, which runs from 01 January to 31 December. Taxpayers must report their taxable income, including any profits from trading cryptocurrency, by 15 April for paper returns and 18 April for electronic returns (McClure, 2024a).

Australia. Under Australian law, cryptocurrency is a digital representation of value that can be transferred, stored or traded electronically (including NFTs).

Cryptocurrency in Australia is generally independent of a central bank, authority or government. However, transactions in crypto assets are subject to the same tax rules as assets in general – there are no specific rules for their taxation. The tax treatment depends on how an individual acquires, holds and disposes of the asset. For tax purposes, crypto assets are not a form of money. In some cases, crypto assets are held for personal use rather than for investment. In this case, they are not taxable because they are considered "personal use assets" (Australian Taxation Office, 2024).

In Australia, cryptocurrency is subject to capital gains tax and ordinary income tax. Capital gains tax means that when individuals dispose of cryptocurrency, they experience a capital gain or loss (it can be selling cryptocurrencies or exchanging them for other digital assets).

The income tax is as follows: when a person buys cryptocurrency, he or she receives ordinary income tax is the same as when a person buys cryptocurrency, they receive ordinary income (Brooks, 2025).
In 2022, the Australian Taxation Office warned taxpayers that selling cryptocurrency is prohibited and could result in penalties for those who try to use it to reduce their overall capital gains. The reasons for this were not specified but probably to prevent the formation and development of fraudulent schemes. The Australian tax year runs from 01 July to 30 June. The deadline for filing cryptocurrency tax returns is 31 October (McClure, 2024b).
Greece. This country is now in the process of introducing a new cryptocurrency tax system. The Greek government has formed a special committee to study digital assets and make recommendations on their regulation and taxation. The findings, obtained in September 2024 and divided into three categories (identification and registration of all cryptocurrencies, method of taxation, and monitoring process) will shape the country's cryptocurrency tax policy. For example, starting from January 2025, profits from cryptocurrency trading are subject to a 15% capital gains tax. This move is in line with the increase in crypto-related activity observed in Greece and aims to increase transparency and accountability in the sector. The government also plans to use advanced technology, including blockchain analysis, to monitor and track cryptocurrency transactions to ensure compliance with the law (McClure, 2024c).
Although the complete details of Greece's cryptocurrency tax framework are pending, it's anticipated – based on current Greek capital gains guidance and prevailing European tax treatments – that the following transactions will be taxable: selling crypto for fiat, trading between cryptocurrencies, and specific DeFi token trades.
Greece's progressive tax system applies different rates to different income brackets:

Income Bracket (€)	Marginal Tax Rate
0 - 10,000	10%
10,001 - 20,000	12%
20,001 - 30,000	22%
30,001 - 40,000	24%
Over 40,000	32%

This table clarifies the rates applied to each specific portion (marginal rate) of total income (Pareek, 2025).

Taxpayers in Greece should prepare for a new tax reporting system: annual tax reporting for the calendar year (ending Dec 31) will be due by the last business day of the following April, using specific forms and methods yet to be announced by the Greek tax authorities. The government intends to use tools like blockchain analysis to ensure compliance. (McClure, 2024c).
New Zealand. In New Zealand, the Inland Revenue Department (IRD) treats cryptocurrency as property, which means it is subject to income tax. Disposal of crypto assets includes selling cryptocurrency for fiat currency, exchanging cryptocurrency, spending cryptocurrency on goods or services, giving cryptocurrency to others, or lending cryptocurrency. This means that whether a person trades, invests, mines, or receives cryptocurrency as income, they are required to pay taxes on their transactions.

Cryptocurrency taxes in New Zealand are based on the income tax principle, with rates ranging from 10.5% to 39%, depending on total annual income. This means that the more a person earns from cryptocurrency transactions, the higher their tax liability will be.
While most cryptocurrency transactions in New Zealand are subject to income tax, there are some exceptions. For example, buying cryptocurrency for fiat currency, transferring cryptocurrency between wallets, holding cryptocurrency as an investment, and receiving cryptocurrency as a gift are not usually taxed.
The New Zealand financial year runs from 01 April to 31 March of the following year. The tax filing deadline for the financial year is 07 July. This means that taxpayers will need to report any income, gains or losses from cryptocurrency by 07 July 2024 (McClure, 2024d).
Brazil. The country's Federal Revenue Service (RFB) oversees taxes on cryptocurrency and recognizes it as a taxable asset. This means that any profit made from selling or trading cryptocurrency is subject to capital gains tax. However, an individual pays this tax if the total amount of sales exceeds 35,000 Brazilian reais during a month. Otherwise, if the amount is less, no tax is paid.
Cryptocurrency taxes in Brazil, as in other countries, are determined based on what the tax authority considers a taxable transaction. Taxable transactions for Brazilian crypto taxes include selling cryptocurrencies for fiat, exchanging one cryptocurrency for another, and using cryptocurrencies to pay for goods or services. Each transaction can trigger a capital gain, which requires careful calculation and reporting of potential gains or losses. Conversely, certain activities, such as buying cryptocurrencies for fiat money or transferring digital assets between wallets, are not taxed (McClure, 2024e).
Cryptocurrency capital gains tax in Brazil is calculated based on the profit generated from each transaction. Rates range from 15% to 22.5%, depending on the total capital gains accumulated during the year. This progressive tax rate promotes transparency and proper reporting.
Receiving cryptocurrency as payment for services or goods, or from cryptocurrency mining activities, is considered income and is taxed at the normal profit tax rate from 7.5% to 27.5%. This activity is classified differently than capital gains, and requires separate reporting on the tax return.
The Brazilian tax year is aligned with the calendar year and ends on December 31. All tax payments and reports on income and capital gains from cryptocurrency must be filed by the last business day of April of the following year (McClure, 2024e).

4.3. Characteristics of cryptocurrency taxation in Ukraine

Ukraine. The cryptocurrency market in Ukraine is rapidly developing, attracting investors, miners, and traders. However, there is no current specific legislation regulating this institution in Ukraine. The Law of Ukraine "On Virtual Assets" (Law No. 2074-IX, 2023), which was intended to address this issue, has not come into force. Its implementation is linked to the adoption of a law amending the Tax Code of Ukraine concerning the taxation of virtual asset transactions. However, this law has yet to be adopted and currently exists only in the form of a primary and an alternative draft bill.
At present, the only legal definition of cryptocurrency in Ukraine is enshrined in the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Criminal

Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction" (Law of Ukraine No. 361-IX, 2019). This Law defines a virtual asset as an expression of value in figures that can be traded digitally or transferred and can be used for payment or investment purposes.

The issue of cryptocurrency taxation in Ukraine has become particularly relevant in 2024, as the State seeks to integrate this rapidly growing market into the national economy. Although cryptocurrency is not formally recognized as a currency or an official means of payment, income from cryptocurrency transactions is subject to taxation. For individual entrepreneurs, taxation policy depends on the chosen tax system.

Simplified Tax System: if an entrepreneur operates under the simplified tax system (single tax), cryptocurrency transactions usually do not fall under this regime. This is because cryptocurrency income is classified as investment or financial income rather than business activity income. In such cases, entrepreneurs must account for cryptocurrency income separately and pay the same taxes as individuals.

General Tax System: under the general tax system, cryptocurrency income is included in the entrepreneur's overall taxable base. The entrepreneur pays an 18% income tax and a military levy. However, those under the general system can deduct the cost of purchasing cryptocurrency, reducing their tax burden.

For individuals, the personal income tax (PIT) rate is 18%, plus a 5% military levy. For example, if a person buys Bitcoin for $10,000 and later sells it for $15,000, the taxable amount is the $5,000 profit. This amount is converted into Ukrainian hryvnia at the National Bank of Ukraine's exchange rate at the time of the transaction, and taxes are calculated accordingly.

A key distinction is that individuals can freely purchase cryptocurrency for long-term holding (HODLing) or to pay for goods and services, as long as these transactions do not generate direct income. Such actions are not taxed. For example, if a person buys Bitcoin and uses it for payments, no tax obligation arises until a clear profit is made.

Additionally, unlike entrepreneurs, individuals are not required to maintain detailed transaction records regularly. Reporting is only required when profit is earned, reducing administrative burdens. However, transactions on international platforms or income from abroad may require additional tax declarations due to currency regulations and compliance with the Tax Code of Ukraine.

For legal entities, cryptocurrency taxation is more complex. Income from the sale, exchange, or use of cryptocurrency is included in the company's total profit and is subject to an 18% corporate income tax plus a 5% military levy. Companies can deduct expenses related to cryptocurrency acquisition, mining equipment, and other related costs. Mining is classified as a business activity, and if a company engages in mining, the cryptocurrency obtained is included in its gross income. Expenses for mining equipment and electricity can be deducted to reduce the taxable base. Companies operating on international cryptocurrency exchanges must consider exchange rate fluctuations and report such income as foreign economic activity, which imposes additional foreign exchange control and reporting obligations.

Thus, for individuals, cryptocurrency taxation remains less burdensome than for businesses. However, careful documentation of transactions is required to avoid issues

with tax authorities. For companies, cryptocurrency-related activities are subject to more stringent tax regulations, particularly in the case of mining and cross-border transactions.
Analyzing the taxation of cryptocurrencies in the countries under study, we can conclude that each of them is trying to implement policies relevant to the current situation and consistent with internationally accepted standards. The described experience is an incredible example to follow that can be used by other countries, where cryptocurrency regulation is not defined or in its infancy.
At the same time, cryptocurrency does not have a defined legal status in Ukraine, and its taxation is also not established at the legislative level, consequently, the applicable tax rules are as follows: individuals who earn income from cryptocurrency trading are required to pay personal income tax (PIT) at a rate of 18% (plus a 5% military levy). However, at present, the obligation to declare income received from the sale of virtual assets applies only to public officials, who are required to submit an annual personal tax declaration.
Legal entities in Ukraine engaged in cryptocurrency-related activities are subject to the general business taxation rules. This means they must pay corporate income tax at a rate of 18%, military levy of 5%, and unified social contribution (where applicable). An important feature is that cryptocurrency profits must be accounted for separately from other types of income and clearly recorded in accounting systems. As with individuals, for tax purposes, income from cryptocurrency transactions is calculated after the cryptocurrency has been converted into fiat currency. Under the general rule, taxes are levied on the difference between the purchase price and the sale price of the cryptocurrency. If the difference is positive (i.e., a profit), the tax is charged on that amount. If the result after conversion is negative, no tax is applied, as such a transaction is considered loss-making.

5. Conclusion

Based on the research conducted, the following conclusions can be drawn. Cryptocurrency is an important innovative element of the modern financial system. With the emergence of new types and elements, the tax systems of many countries around the world are facing difficulties in taxing this type of income. This is due to the legal status of cryptocurrency, the method of its use, legislative norms, gaps in the law, the fight against financial crime, etc.
One of the main problems of cryptocurrency taxation is its decentralized nature, which complicates control by tax authorities. The lack of a clear regulatory framework in some cases can lead to tax evasion and other offenses in the financial sector.
Not all countries accept cryptocurrency because of fears of using it for illicit financial transactions, as well as the complexity of its integration into existing legal and tax systems. This leads to different approaches to regulating and taxing cryptocurrency in the world.
We have analyzed the international features of cryptocurrency taxation using the example of different countries around the world. All of them have different legal features, but their experience is an incredibly valuable example to follow. Thus, the study highlights international experience of cryptocurrency taxation using the example of such countries as Singapore, Australia, Greece, Brazil and New Zealand. By analyzing different approaches to cryptocurrency taxation, we can observe how countries are adapting to new

financial realities and challenges associated with digital assets. This article emphasizes the importance of developing effective tax innovations that take into account the specifics of cryptocurrencies, as well as potential risks and opportunities.

At the same time, the current cryptocurrency taxation system in Ukraine is conservative and does not encourage the development of this sector. On the other hand, once the legislator determines how to tax cryptocurrency and accordingly "unlocks" the enforcement of the Law of Ukraine "On Virtual Assets" changes can be expected that will significantly adjust the existing "rules of the game".

Currently, there are two draft laws proposing different approaches to regulating the Web3 industry and the taxation of income from virtual asset activities under consideration at the Verkhovna Rada of Ukraine: Draft Law No. 10225, "On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine on the Regulation of Virtual Assets Turnover in Ukraine" (Draft Law of Ukraine No. 10225, 2023a) and the Draft Law No. 10225-1, an alternative version of the same name (Draft Law of Ukraine No. 10225-1, 2023b).

Thus, Draft Law No. 10225 proposes the following amendments to the Tax Code of Ukraine (hereinafter – the Code): introduction of a corporate income tax mechanism for virtual asset transactions through separate accounting and financial result adjustments; no VAT is applied to such operations, except for specific types of virtual assets (e.g., utility tokens); introduction of personal income tax (PIT) on income from virtual asset transactions4 business entities involved in virtual asset operations cannot be single tax payers under groups I–III (i.e., legal entities and individual entrepreneurs). In addition, the draft law includes a new version of the Law of Ukraine "On Virtual Assets" and appropriate amendments to related legislation.

The authors of the legislative initiative note that the current legal framework for virtual assets is inadequate and requires improvement due to the lack of: clear definition and classification of virtual assets, which complicates legal regulation and the protection of owners' rights; single regulatory authority to supervise and control the activities of virtual asset market participants, increasing risks for financial stability, anti-money laundering, and counter-terrorism financing efforts; special tax regime for income derived from virtual asset transactions, resulting in double taxation or tax evasion. The adoption of Draft Law No. 10225 would enable the launch of a virtual asset market in Ukraine, fostering the development of the digital economy and bringing the country closer to EU standards (Draft Law of Ukraine No. 10225, 2023a).

In turn, Draft No. 10225 -1 proposes numerous basic definitions essential for effective legal enforcement; classification system for virtual assets and types of service providers involved in virtual asset turnover, synchronized with MiCA (Markets in Crypto-Assets Regulation), including requirements for authorization; designation of market regulators – the Ministry of Digital Transformation and the National Bank of Ukraine, along with their respective powers; procedures for public offerings of virtual assets and authorization of service providers; establishment of a State Register of service providers and publicly offered virtual assets; introduction of financial sanctions for violations of the law by virtual asset service providers.

In terms of changes to the Tax Code of Ukraine, the draft law suggests: corporate income tax on virtual asset operations; a mechanism for personal income tax on income earned by individuals from virtual asset activities; confirmation that VAT will not apply to virtual asset transactions, except for specific virtual assets (such as utility tokens (Draft Law of Ukraine No. 10225-1, 2023b).

The key difference between these bills is that the first one proposes to tax investment income from cryptocurrency transactions for individuals with personal income tax and military duty, in particular, if the sale of cryptocurrency results in investment income (income from the sale is greater than the cost of acquisition), then personal income tax and military duty will have to be paid on the difference. In addition, income received in the form of the difference between the purchase and sale rate of cryptocurrency will be subject to taxation. At the time of a transaction with virtual assets, the exchange, which will be required to register with the NSSMC and the National Bank, will charge taxes, withhold them from transactions conducted by individuals and transmit data to the State Tax Service on a quarterly basis.

The provisions of Draft Law No. 10225-1 offer a different approach to taxation of transactions with virtual assets, namely: tax preferences are provided for taxpayers whose annual investment income from transactions with virtual assets does not exceed UAH 7 million, in particular, for the first three years after the law comes into force, the personal income tax rate for investment income from such transactions will be 5%, for the next five years - 9%, and thereafter the rate of 18 percent will apply.

Both bills have their advantages and disadvantages, but the adoption of any of them within the framework of possible problems with the turnover of virtual assets in Ukraine and their taxation, as recommended by the International Monetary Fund in its technical mission, should be addressed considering the provisions of the National Revenue Strategy for 2024-2030, which is currently being developed by the Government of Ukraine. Until none of the draft laws have come into force, the current tax regulations described in the previous section, continue to apply to transactions involving virtual assets.

Consideration of the experience of the selected countries may be useful for our State that is just beginning to form its policies on cryptocurrency taxation. It is also important to emphasize that the development of the regulatory framework and improvement of cryptocurrency taxation mechanisms remain key factors in ensuring transparency and fairness in this area.

The prospects for further research are to analyze the legislation of other leading countries of the world with a view to studying the peculiarities of regulation of the cryptocurrency taxation issues. The limitations of this paper relate to the limited number of available scientific works and the relevant data on this topic.

References

Australian Taxation Office (2024). What are crypto assets? Available online: https://www.ato.gov.au/individuals-and-families/investments-and-assets/crypto-asset-investments/what-are-crypto-assets

Brooks, M. (2025). Australia Crypto Tax Rates (2025). CoinLedger. Available online: https://coinledger.io/blog/australia-crypto-tax-rates#:~:text=In%20Australia%2C%20cryptocurrency%20is%20subject,it%20for%20other%20digital%20assets

Burgess, T. (2024). A multi-jurisdictional perspective: To what extent can cryptocurrency be regulated? And if so, who should regulate cryptocurrency? *Journal of Economic Criminology*, 5, 100086. https://doi.org/10.1016/j.jeconc.2024.100086

Huang, R. H., Deng, H., & Chan, A. F. L. (2023). The legal nature of cryptocurrency as property: Accounting and taxation implications. *Computer Law & Security Review*, 51, 105860. https://doi.org/10.1016/j.clsr.2023.105860

Korkushko, O. N., & Kushnir, L. A. (2024). Taxation features of cryptocurrency in different countries. *Black sea economic studies*, 85, 76 – 79. https://doi.org/10.32782/bses.85-14

Loholida, V. M. (2021). The legal status of cryptocurrency in Asian countries. *Naukovyi visnyk Uzhhorodskoho Natsionalnoho Universytetu. Seriia Pravo*, 66, 96–102. https://doi.org/10.24144/2307-3322.2021.66.16.

McClure, Z. (2024a). Guide to Crypto Taxes in Singapore for 2024. *TokenTax*. Available online: https://tokentax.co/blog/singapore-crypto-tax

McClure, Z. (2024b). Guide to Crypto Tax in Australia for 2025. *TokenTax*. Available online: https://tokentax.co/blog/guide-to-crypto-taxes-in-australia#references

McClure, Z. (2024c). Guide to Crypto Tax in Greece for 2025. *TokenTax*. Available online: https://tokentax.co/blog/crypto-tax-greece

McClure, Z. (2024d). Guide to Crypto Taxes in New Zealand for 2025. *TokenTax*. Available online: https://tokentax.co/blog/crypto-taxes-new-zealand

McClure, Z. (2024e). Guide to Crypto Taxes in Brazil for 2025. *TokenTax*. Available online: https://tokentax.co/blog/crypto-taxes-brazil

Mgadmi, N., Sadraoui, T., Alkaabi, W., & Abidi, A. (2023). The interconnectedness of stock indices and cryptocurrencies during the Russia-Ukraine war. *Journal of Economic Criminology*, 2, 100039. https://doi.org/10.1016/j.jeconc.2023.100039

Monetary Authority of Singapore (2019). Payment Services Act 2019. Available online: https://www.mas.gov.sg/regulation/acts/payment-services-act

Nakamoto, S. (2008). Bitcoin: A Peer-to-Peer Electronic Cash System. http://dx.doi.org/10.2139/ssrn.3440802

On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine on the Regulation of Virtual Assets Turnover in Ukraine (2023a). Draft Law of Ukraine No. 10225. Available online: https://itd.rada.gov.ua/billInfo/Bills/Card/43123

On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine on the Regulation of Virtual Assets Turnover in Ukraine (2023b). Draft Law of Ukraine No. 10225-1. Available online: https://itd.rada.gov.ua/billinfo/Bills/Card/43232

On Prevention and Counteraction to Legalization (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction (2019). Law of Ukraine No. 361-IX. Available online: https://zakon.rada.gov.ua/laws/show/361-20#Text

On Virtual Assets (2023). Law of Ukraine No. 2074-IX (has not entered into force). Available online: https://zakon.rada.gov.ua/laws/show/2074-20#Text

Pareek, D. (2025). Greece Crypto Tax Guide 2025. *Kryptos*. Available online: https://kryptos.io/guides/greece-crypto-tax-guide

Pinkerton, J. (2024). The History of Bitcoin. *US.News*. Available online: https://money.usnews.com/investing/articles/the-history-of-bitcoin

Soloviova, A. (2018). The legal nature of cryptocurrency in Ukraine and continental European countries: Theoretical and legal approaches. *Molodyi vchenyi*, 10(62), 243–247. Available online: https://molodyivchenyi.ua/index.php/journal/article/view/3750/3711

Rychka, R. (2024). Artificial Intelligence to Predict Solar Energy Production: Risks and Economic Efficiency. Futurity Economics & Law, 4(2), 100–111. https://doi.org/10.57125/FEL.2024.06.25.06

Volosovych, S., Vasylenko , A., Chubaievskyi, V. (2019). Financial technologies of tax administration. Scientia fructuosa. 4(126), 5–15. https://doi.org/10.31617/visnik.knute.2019(126)01.

Xie, W., & Cao, G. (2024). Volatility and returns connectedness between cryptocurrency and China's financial markets: A TVP-VAR extended joint connectedness approach. *The North American Journal of Economics and Finance*, 74, 102231. https://doi.org/10.1016/j.najef.2024.102231

Zakharkiv, V. (2023). Regulation of the cryptocurrency market: Domestic and foreign experience. *Ekonomika ta suspilstvo*, 53. https://doi.org/10.32782/2524-0072/2023-53-57