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The Board of Taxation
The Treasury
Langton Crescent
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By email: TaxDigitalAssets@taxboard.gov.au

Dear Board of Taxation

Review of the Tax Treatment of Digital Assets and Transactions Consultation Guide – Swyftx Submission

We welcome this opportunity to provide a submission to the Board's Review of the Tax Treatment of Digital Assets and Transactions Consultation Guide (the **Guide**). Australia has the opportunity to become a leading forum on the world stage for crypto asset consumers and businesses. Foundational to achieving this is the establishment of clear and sensible tax regulation, that balances providing certainty with sufficient flexibility to accommodate the rapid pace of innovation in the space. As a leader within the Australian crypto industry, Swyftx provides this submission along with our commitment to lend our voice to the important discussions ahead. We do so to advocate for Australian consumers and for Australia's position as a leading jurisdiction for crypto asset businesses.

I. Who is Swyftx?

Swyftx Pty Ltd (**Swyftx**) is an Australian-born, Brisbane headquartered cryptocurrency trading platform. Established in 2018 by Alex Harper and Angus Goldman, Swyftx has grown to become a leader in a crowded industry. We are the second largest, fastest growing, and most trusted cryptocurrency trading platform in Australia. As a cryptocurrency broker, Swyftx aims to provide Australian retail consumers with access to global liquidity across a wide range of crypto assets. We seek to offer a highly competitive price, and level of choice, for our customers.

As an industry leader, Swyftx embraces the responsibility to contribute to the rich policy discourse around Australian crypto assets. In addition to this submission, we made public submissions on 30 June 2021 to the Senate Select Committee on Australia as a Technology and Financial Centre ([Submission 21](#)), and on 27 May 2022 to Treasury's Crypto Asset Secondary Service Providers: Licensing and Custody Requirements Consultation Paper.

II. Consultation questions relevant to Swyftx

As a cryptocurrency broker for Australian retail consumers, many aspects of this Guide are beyond the immediate scope of our business. However, we are well placed to provide a targeted contribution on certain questions around "awareness of the tax treatment of crypto assets".

We will supplement this contribution with data from the recent Annual Australian Crypto Survey we conducted through YouGov in July 2022 (the **Swyftx Survey**). Potentially the largest of its kind this year, this survey was: conducted across over 2,600 Australians nationally; weighted using ABS estimates; and compliant with the Australian Polling Council Code.

III. Response to consultation questions relevant to Swyftx

From this perspective, we provide the following response to consultation questions 4 and 6.

4. Are retail investors aware of the current tax treatment of crypto assets? To what extent are they receiving professional tax advice?
6. How can taxpayer awareness of the tax treatment of crypto assets be improved?

A. Willingness to learn and appreciation of available resources

Swyftx has a 24/7 customer support function that is available to assist each of its 600,000 users. Anecdotally, our impression formed while assisting thousands of our customers, is that they have a strong interest in understanding the treatment of crypto assets in Australia and a willingness to learn about aspects of the space relevant to their investment. This includes a desire to understand the tax treatment of the assets they hold, and how that tax treatment applies to the variety of use cases they might choose for those assets. This impression is supported by the Swyftx Survey data that 61% of current crypto asset owners report a high to very high level of financial literacy, compared to 17% of people who have never owned crypto assets.

Consistent with this desire for understanding, we have found that our customers appreciate and pay attention to the resources made available by government. In particular, the guidance on the Australian Taxation Office's website around [crypto asset investments](#) is a valuable resource. While Swyftx is not in a position to provide tax advice to our customers, after informing them that they should consider seeking professional advice, our customer support team will often direct customers to the ATO's website as a starting point.

B. Opportunities to improve available resources

Despite the resources available currently, there remains a degree of public sentiment that the Australian crypto asset space is not well regulated. In the Swyftx Survey, a lack of trust due to the perception of poor regulation was the top reason preventing consumer entry into the crypto asset market.

We think that improvements to the government's public-facing resources, including the guidance on the ATO's website, may be an efficient way to build retail awareness and confidence. Set out below are suggested improvements of this kind.

- Guidance based on retail trends – To maximise the usefulness of its publicly available resources, government could consider tailoring its guidance based on the latest retail trends in the crypto asset space. At present, examples of these trends include:
 - crypto asset payments (the Swyftx Survey found that the number of Australians who used their crypto assets to purchase goods and services increased from 43% to 53%);
 - alternative methods of crypto asset ownership (the Swyftx Survey found that 38% of crypto assets owners hold their assets in superannuation, while 59% of crypto-owning parents hold their assets on trust for their children); and
 - methods of crypto asset yield generation (eg, staking and other options offered by exchanges and brokers).

Given the rapid pace of innovation in the crypto industry, we think there is a need for frequent updates to guidance based on retail trends.

- Depth of digestible guidance – Many pages on the ATO's website feature easily digestible guidance for average retail consumers in the form of practical examples (eg, this page on [staking rewards and airdrops](#)). We think that this level of clarity is likely to be beneficial to the average retail consumer. That being said, we note that a majority of in-depth analysis is presented in the ATO's legal database which includes exceptionally useful insights in forms ranging from public rulings to edited private advice. We think retail consumers would benefit from the transposing of key insights in this database to a more

easily digestible form.

- Ease of access of available resources – For many retail consumers, the start of their awareness of tax treatment of crypto assets is the guidance on the ATO's website. While there is a wealth of resources on that website, the lack of a comprehensive index may mean that consumers struggle to find applicable information for their circumstances, despite it being available. A simple solution might be a homepage for crypto assets that attempts to “cover the field” on available guidance. We think that such a resource would see significant traffic as, in practice, many retail consumers would be directed there by their crypto platform of choice.

We have chosen to focus our submission on the above practical suggestions as we think they can provide an immediate, tangible benefit to retail consumers for whom we feel a responsibility to advocate. Swyftx appreciates the opportunity to provide this submission. Please do not hesitate to contact our General Counsel, Adam Percy, at adam.percy@swyftx.com.au.

Yours sincerely



Alex Harper

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Swyftx Pty Ltd



Ryan Parsons