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All links below are **available in English and French only**.

Reporting your capital gains as a crypto-asset user

October 22, 2024

Ottawa, Ontario

Crypto-assets are digital assets that exist on a cryptographically secured distributed ledger. There are many types of crypto-assets, the most common being cryptocurrencies, such as Bitcoin, Ethereum and Tether. Transactions related to crypto-assets often have tax implications and must be reported on your income tax return.

If you're a crypto-asset user, knowing whether your transactions resulted in a capital gain (or loss) or in business income (or loss) is important because it may affect your taxes

Capital gains from crypto-assets

If the disposition of a crypto-asset (e.g. trade/exchange it, use it to buy goods and services, and/or transfer its ownership) was capital, and the proceeds of the disposition (usually the sale price of the crypto-asset) are more than your adjusted cost base (usually the weighted average cost of a crypto-asset) and the outlays and expenses incurred to make the disposition, then you have realized a capital gain and this must be reported.

Half of your capital gains (known as taxable capital gains) should be reported as your income on your tax return.

In most cases, the Canada Revenue Agency (CRA) will accept a crypto-asset's fair market value for tax reporting purposes at the time a trade is made.

Capital losses from crypto-assets

If the disposition of a crypto-asset (e.g. trade/exchange it, use it to buy goods and services, and/or transfer its ownership) was capital, and the proceeds of the disposition (usually the sale price of the crypto-asset) are

less than your adjusted cost base (usually the weighted average cost of a crypto-asset) and the outlays and expenses incurred to make the disposition, then you have realized a capital loss.

You are allowed to deduct half of your capital losses (known as allowable capital losses), but only against your taxable capital gains. You cannot deduct your allowable capital losses against income from other sources, such as employment income.

Note: If you've been scammed, you may be able to claim a loss. That said, you are encouraged to stay-up-to date with the [CRA's scam alert](#) and seek advice from reputable tax professionals if you are unsure about an investment.

How to fulfill your tax obligations

To report your capital gains (or losses) from crypto-asset transactions, you can use section "Bonds, debentures, promissory notes, crypto-assets, and other similar properties" on [T1 Schedule 3 – Capital Gains \(or Losses\)](#).

Records you should keep

Keep records when you acquire, dispose of, or swap crypto-assets to ensure you have accurate information about your activities. When using third-party software or exchanges for your crypto-asset transactions, maintain and download your original data at regular intervals.

You should keep records of the following information for your crypto-asset transactions:

- The number of units and type of crypto-asset for each transaction;
- The date and time of each transaction;

- The value of the crypto-asset (in Canadian dollars) at the time of each transaction;
- A description of the nature of each transaction and the other party to the transaction (even if it is just their crypto-asset address);
- The addresses associated with each digital wallet used;
- The beginning wallet balance (and its cost) and ending wallet balance for each crypto-asset for each year.

How to correct a previous reporting error

You may be able to reduce or avoid penalties and interest by voluntarily correcting your tax affairs in the following ways:

- [Changing your income tax return and benefit return](#)
- [Submitting a case to the Voluntary Disclosures Program](#)

More information

For more information to help you determine whether your crypto-asset transactions are made on an account of business income or capital, refer to [Information for crypto-asset users and tax professionals](#).

Associated links

- [Tax Tip: What is cryptocurrency?](#)
- [Tax Tip: Investing in cryptocurrency.](#)
- [Tax Tip: Mining cryptocurrency.](#)
- [Tax Tip: Valuing your cryptocurrency.](#)
- [Tax Tip: Keeping records of your cryptocurrency transaction](#)

- Tax Tip: Crypto-asset exchanges

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