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Reporting income from crypto-asset mining and staking activities

As a crypto-asset miner, you may have different tax obligations than other crypto-asset users. Knowing how your tax obligations may differ is important to ensure you file properly.

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Earning crypto-assets through proof-of-work mining

Proof-of-work mining commonly involves using specialized computers to solve complicated mathematical problems to validate crypto-asset transactions.

Miners put crypto-asset transactions into blocks and try to guess a number that will create a valid block.

A valid block is accepted by the corresponding crypto-asset's network and becomes part of a publicly distributed ledger, usually a blockchain.

When a miner successfully creates a valid block, they will generally receive two payments:

- One payment represents newly created crypto-assets on the network
- The other represents the fees from transactions included in the newly validated block.

Those who perform these mining processes are paid with crypto-assets.

If you are in the business of crypto-asset mining, the value of the crypto-assets you receive for your mining activities must be included in your business income at the time it is earned.

Earning crypto-assets through proof-of-stake

Proof-of-stake commonly refers to when participants lock up (stake) a certain amount of their crypto-assets in a contract for collateral so that they can operate a validator node.

► What is a validator node

Rewards received from staking crypto-assets on a centralized crypto-asset exchange platform will generally be considered as income under the *Income Tax Act* at the time the rewards are credited to the taxpayer's wallet on the platform.

Those who perform these staking activities are paid in crypto-assets, generally of the same type as those staked.

Validators are selected to create new blocks and confirm transactions based on the amount of crypto-assets they lock up (stake) in the network. The selection process often uses a combination of randomization and stake size, meaning those with more coins staked have a higher chance of being chosen.

Reporting business income from crypto-asset mining and staking activities

If you are a crypto-asset user who earns business income from crypto-asset mining and staking activities, your tax obligations may be different depending on whether you're a resident in Canada or a non-resident.

Residents in Canada

In most cases, mining activities will be considered as carrying on a business due to the scale and resources involved. Any business income (or loss) realized from mining activity must be reported in your tax return.

For more information on business income including from the disposition of a crypto-assets, refer to: [Guide T4002, Self-employed Business, Professional, Commission, Farming, and Fishing Income](#).

Non-residents

If you are a non-resident of Canada and use crypto-asset mining equipment located in Canada to mine crypto-assets, you may be carrying on a business in Canada and have to file a tax return in Canada.

You may also be considered to have a permanent establishment in Canada under an applicable income tax treaty concluded by Canada and another country.

For more information on the taxation of non-residents in Canada, refer to: [Guide T4058, Non-Residents and Income Tax 2024](#).

Claiming a deduction of capital cost allowance for equipment

If you own crypto-asset mining equipment, such as application-specific integrated circuit (ASIC) miners or graphics processing unit (GPU) mining rigs that you use in your crypto-asset mining business, you may be able to claim a deduction of capital cost allowance (CCA) for the equipment.

Although each piece of equipment is different, the Canada Revenue Agency considers that ASIC miners and GPU mining rigs can meet the conditions to fall within CCA class 50.

For more information on claiming CCA, visit our web page [Claiming Capital Cost Allowance](#).

Date modified: 2025-11-10