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International Exchange of Information Manual

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IEIM8000540 - Acquisitions and disposals of relevant cryptoassets against other relevant cryptoassets

When a user exchanges one cryptoasset for another (like trading Bitcoin for Ethereum), the RCASP must report both sides of the transaction: the fair market value of the cryptoasset given up (the disposal) and the fair market value of the cryptoasset received (the acquisition), both after subtracting any transaction fees.

Example 1

Cryptoasset user trades cryptoasset A for cryptoasset B. The RCASP must report the value of cryptoasset A as the disposal and the value of cryptoasset B as the acquisition, based on their market prices at the time of the trade.

However, if the RCASP only handles one part of the transaction and doesn't know what the user received in return then it doesn't need to report the full trade. Instead, it should report the transaction as a transfer.

Example 2

Cryptoasset user sends cryptoasset C through RCASP A to buy cryptoasset D, but RCASP A doesn't see the cryptoasset D side of the exchange. This is because cryptoasset D is transferred through RCASP B. Therefore, RCASP A should just report a transfer of cryptoasset C by the user.

Valuation

When a user exchanges one cryptoasset for another, the RCASP must determine and report the fair market value of both the cryptoasset disposed and the cryptoasset acquired, using a single fiat currency. This valuation should be done at the time of the transaction and applied consistently across all transactions.

Example 1

A cryptoasset user trades cryptoasset A for cryptoasset B, the RCASP can estimate the value of each by converting them to fiat currency at the time of the trade and then report those values for the acquisition and disposal.

If one of the cryptoassets is hard to value, such as a newly launched token with no clear market price, the RCASP should use the value of the other, more easily valued cryptoasset to estimate the transaction.

Example 2

Cryptoasset user trades cryptoasset A, which has a known fiat value, for cryptoasset B, which does not have a known fiat value. The RCASP can use the fiat value of cryptoasset A to estimate the value of cryptoasset B for reporting purposes.

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