Crypto Assets & Tax

What's new?

20 March 2026 – Budget 2026 Frequently Asked Questions
Key Crypto Assets & Tax changes from Budget 2026: FAQs on the Crypto Assets & Tax changes (https://www.sars.gov.za/about/sars-tax-and-customs-system/budget/budget-2026-frequently-asked-questions/)

What is it?

A crypto asset is a digital representation of value that is not issued by a central bank, but is traded, transferred and stored electronically by natural and legal persons for the purpose of payment, investment and other forms of utility, and applies cryptography techniques in the underlying technology.

According to the Explanatory Memorandum on the Taxation Laws Amendment Bill as issued on 20 January 2021 (https://www.sars.gov.za/lprep-em-2020-03-explanatory-memorandum-on-the-tlab-2020-21-january-2021/) the word "cryptocurrency" was replaced with "crypto asset" in line with the proposed adoption of a uniform definition of crypto assets within the South African regulatory framework.

How did we get here?

The process to understand and document crypto assets in South Africa started in 2014:

- 2014: The initial public statement alerting the public to the risks of crypto assets was issued by National Treasury (NT) in a joint initiative with the South African Reserve Bank (SARB), the Financial Services Board (now the Financial Sector Conduct Authority (FSCA), the South African Revenue Service (SARS) and the Financial Intelligence Centre (FIC).
- 2016: The Intergovernmental Fintech Working Group (IFWG) was established, comprising members from NT, SARB, FSCA and FIC. The objective of the IFWG is to foster *fintech* innovation by supporting an enabling regulatory environment and reviewing both the risks and the benefits of emerging innovations.
- 2018:
    - SARS issued a media release to clarify its stance on the tax treatment of crypto-currencies. (https://www.sars.gov.za/media-release/6-april-2018-sarss-stance-on-the-tax-treatment-of-cryptocurrencies/)
    - SARS published a list of FAQs (https://www.sars.gov.za/crypto-faqs-reviewed-23-june-2021/) (reviewed in 2021).

- 2019:
    - The National Credit Regulator (NCR) and SARS joined the IFWG.
    - The IFWG released a consultation paper (https://www.ifwg.co.za/Reports/IFWG%20Consultation%20Paper%20on%20Policy%20Proposals%20for%20Crypto% on crypto assets. The consultation paper highlighted the perceived benefits and risks of crypto asset-related activities, as well as policy proposals for a regulatory framework.

- 2020: The IFWG released a position paper on crypto assets (https://www.ifwg.co.za/IFWG%20Documents/IFWG_CAR_WG-Position_Paper_on_Crypto_Assets.pdf#search=consultation%20paper%20on%20crypto%20assets) (updated 2021). The purpose of the position paper is to provide specific recommendations for the development of a regulatory framework for crypto assets, including suggestions on the required regulatory changes to be implemented.
- 2021: The position paper released in 2020 is being used as input into the proposed Regulations and a policy on crypto assets. Note that SARS is only one of many role-players in South Africa, and the South African Reserve Bank (https://www.resbank.co.za/en/home) (SARB) is taking the lead in the formulation of these documents. Since the crypto industry is relatively new, SARB said it is in the process of developing its own set of rules that could allow its clients to transfer assets abroad. Until the regulation is fully established, it is illegal for crypto users to transfer funds abroad, according to SARB.

Do I need to pay tax on crypto assets?

Yes, normal income tax rules apply to crypto assets and affected taxpayers need to declare crypto assets' gains or losses as part of their taxable income.

The onus is on taxpayers to declare all crypto assets-related taxable income in the tax year in which it is received or accrued. Failure to do so could result in interest and penalties.

How will it work?

Following normal income tax rules, income received or accrued from crypto assets transactions can be taxed on revenue account under "gross income".

Alternatively such gains may be regarded as capital in nature, as spelt out in the Eighth Schedule to the Act for taxation under the Capital Gains Tax (CGT) paradigm. Determination of wheth[illegible] receipt is revenue or capital in nature is tested under existing jurisprudence (of which there is no shortage).

Taxpayers are also entitled to claim expenses associated with crypto assets accruals or receipts, provided such expenditure is incurred in the production of the taxpayer's income and for purposes of trade.

Base cost adjustments can also be made if falling within the CGT paradigm. Gains or losses in relation to crypto assets can broadly be categorised with reference to three types of scenarios, each of which potentially gives rise to distinct tax consequences:

- Crypto assets can be acquired through so called "mining". Mining is conducted by the verification of transactions in a computer-generated public ledger, achieved through the solving of complex computer algorithms.
- Investors can exchange local currency for a crypto asset (or vice versa) by using crypto assets exchanges, which are essentially markets for crypto assets, or through private transactions.
- Goods or services can be exchanged for crypto assets. This transaction is regarded as a barter transaction. Therefore the normal barter transaction rules apply.

See an example of the Income Tax Return (ITR12) (https://www.sars.gov.za/pde_lookfeel_itr12v2025-2/) form for the 2024/25 tax year and below print screens where crypto assets are mentioned:

Comprehensive

Foreign Income
(Excluding amounts received / accrued as a beneficiary of a trust(s), or deemed to have accrued in terms of s7)

Did you receive any foreign income apart from foreign interest and foreign dividend income and excluding foreign capital gain transactions? Y N

Capital Gain / Loss
(Excluding amounts received / accrued as a beneficiary of a trust(s), or deemed to have accrued in terms of s7)

Did you dispose of any local capital assets attracting capital gain or loss (including crypto asset(s))? Y N

How many disposals (shares to be combined as one disposal) took place? Number of disposals

Did you dispose of any foreign capital assets attracting capital gain or loss (including crypto asset(s))? Y N

How many disposals (shares to be combined as one disposal) took place? Number of disposals

Local Business, Trade and Professional Income (Including crypto asset(s)) (Excluding amounts received / accrued as a beneficiary of a trust(s), or deemed to have accrued in terms of s7)

Did you derive income from local business, trade or profession other than rental income from the letting of fixed property(ies)? Y N

How many separate trading activities did you carry on? Number of trade(s)

Local Farming

Did you participate in any local farming operations? Y N

Did you participate in any farming partnership operations? Y N

How many farming partnership operations did you participate in? Number of partnerships

Other Taxable Receipts and Accruals (Including remuneration from foreign employer(s) for services rendered in South Africa) (Excluding amounts received / accrued as a beneficiary of a trust(s), or deemed to have accrued in terms of s7)

Did you have any receipts and accruals not addressed by the previous questions but excluding amounts that you consider non-taxable? Y N

Foreign Tax Credits – s6quin <OR> Foreign Tax Refunded / Discharged

Were any foreign tax credits refunded/discharged during the year of assessment for which a rebate/deduction was allowed during a previous year of assessment? Y N

Amounts Considered Non-Taxable
(Excluding amounts received / accrued as a beneficiary of a trust(s), or deemed to have accrued in terms of s7)

Did you receive any amount that you consider non-taxable? Y N

Medical Expenditure

Mark with an "X" if you or your employer paid any qualifying medical expenses, including contributions to a medical scheme where you are the main member.

Mark with an "X" if You paid any qualifying medical expenses including contributions to a medical scheme where you are not the main member for a family member for whom you are liable for family care and support.

Retirement Annuity Fund Contributions

Did you or a deemed employer (partnership) make any retirement annuity fund contributions for the benefit of yourself? Y N

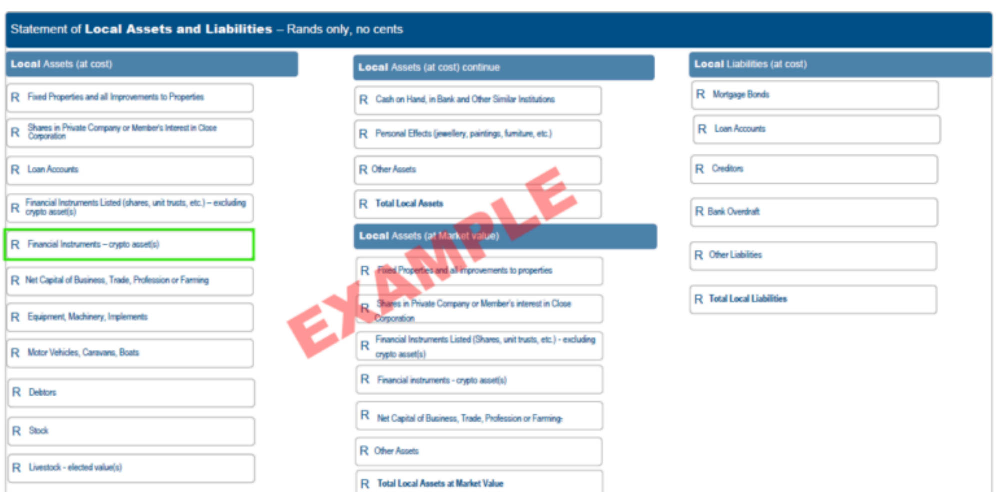
Recoupment of Venture Capital Company shares sold

Were any SARS approved Venture Capital Company shares sold during the year of assessment for which a tax deduction was allowed? Y N

Other Deductions

Did you incur any expenditure that you wish to claim as a deduction that was not addressed by the previous questions (e.g. home office expenses)? Y N

EXAMPLE



Statement of **Local Assets and Liabilities** – Rands only, no cents

Local Assets (at cost)

R Fixed Properties and all Improvements to Properties
R Shares in Private Company or Member's Interest in Close Corporation
R Loan Accounts
R Financial Instruments Listed (shares, unit trusts, etc.) – excluding crypto asset(s)
R Financial Instruments – crypto asset(s)
R Net Capital of Business, Trade, Profession or Farming
R Equipment, Machinery, Implements
R Motor Vehicles, Caravans, Boats
R Debtors
R Stock
R Livestock - elected value(s)

Local Assets (at cost) continue

R Cash on Hand, in Bank and Other Similar Institutions
R Personal Effects (jewellery, paintings, furniture, etc.)
R Other Assets
R **Total Local Assets**

Local Assets (at Market value)

R Fixed Properties and all improvements to properties
R Shares in Private Company or Member's interest in Close Corporation
R Financial Instruments Listed (Shares, unit trusts, etc.) - excluding crypto asset(s)
R Financial instruments - crypto asset(s)
R Net Capital of Business, Trade, Profession or Farming
R Other Assets
R **Total Local Assets at Market Value**

Local Liabilities (at cost)

R Mortgage Bonds
R Loan Accounts
R Creditors
R Bank Overdraft
R Other Liabilities
R **Total Local Liabilities**

EXAMPLE

How is SARS tracing crypto asset transactions?

Legislatively, SARS is granted a wide range of collection powers in terms of the Income Tax Act, including a requirement for third-party service providers to submit financial data. Enforcement and audit processes are confidential and not shared with members of the public.

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- Manage Tax Type Transfer (https://secure.sarsefiling.co.za/app/profileTaxType/taxTypeActivation)


Hello...
Can I help you?
Ask Lwazi,
the SARS AI Assistant