EDITORIAL NOTE

It has been now more than fifteen years since the launch of Bitcoin in January 2009, led by the mysterious and elusive figure of Satoshi Nakamoto. Since then, various cryptocurrencies and an even broader class of cryptoassets—including the non-fungible tokens (NFTs)—have transformed the global financial landscape. Some key features of cryptoassets, particularly the use of a distributed ledger technology (e.g. blockchain) and quasi-anonymity of the transactions, posed difficult questions for governments and regulatory bodies around the world, including tax authorities. A particularly salient line of argument in the tax-related debates about cryptoassets has been that they may facilitate tax non-compliance, including large-scale tax evasion. Therefore, in recent years, we have seen a number of unilateral and multilateral efforts aimed at adapting the tax regulatory framework to the new "crypto environment".

This special issue of the *Journal of Tax Administration* seeks to explore the multifaceted issues surrounding the taxation of cryptoassets, with the general aim to offer new theoretical and practical insights relevant for policymakers, tax authorities, legal professionals, and taxpayers themselves. With their diverse subject-matters, and a variety of perspectives and methodological approaches, the papers included in this special issue make a significant addition to the already burgeoning literature on the taxation of cryptocurrencies.

Four academic papers and two commentary pieces are brought together in this special issue. In the first paper, Elizabeth Morton and Michael Curran tackle the income tax aspects related to NFTs, with a particular focus on Australian tax legislation and practice. The authors first emphasise how NFTs—as one sub-category of cryptoassets—raise issues distinct from those raised by more traditional cryptocurrencies, such as Bitcoin. They continue by exploring the unique features and characteristics underpinning NFTs, such as non-fungibility. The main part of the paper is devoted to the characterisation of NFTs in light of Australian tax legislation and guidance provided by the Australian Taxation Office (ATO). More specifically, the authors explore how NFTs fit the capital gains tax regime for both business and non-business taxpayers, drawing important parallels with the tax treatment of more traditional assets (e.g. personal use assets).

The second paper, authored by Vincent Ooi, deals with the proper tax treatment of so-called "crypto losses", i.e. losses incurred by the investors in crypto markets. Focussing on the case of Singapore and its tax legislation, the author makes the point that that tax authorities and policymakers should step up their scrutiny of the deductibility of crypto losses. The key issue is how to restrict the deduction of crypto losses from other sources of taxpayers' income, like the so-called "source matching" requirement commonly used in many jurisdictions.

The paper by Sergio Avalos provides an overview of some of the most recent legislative efforts addressing the fundamental issue of cryptoassets' "pseudonymity", i.e. the relative ease by which users of cryptoassets hide their real identities behind a pseudonym. This, of course, poses a problem for tax authorities, who may have access to the information that is stored on the blockchain, but still be unable to link the user's account (public key) with their real identity and thus assess the level of tax compliance. In this respect, the author analyses two pieces of legislation that have tried to tackle this issue: the European Union's Anti-Money Laundering Directive 5 (AMLD5) and the United States' Foreign Account Tax Compliance Act (FATCA). He argues that the relevant rules of both AMLD5 and FATCA have limitations in respect of their coverage of all of the stakeholders involved in the cryptoasset market.

Andreas Thiemann's paper falls out of the ambit of legal research. Rather, the paper takes on an empirical approach in investigating the challenges of imposing a capital gains tax on cryptocurrencies, with a specific focus on Bitcoin. The importance of this paper is that it is, to the author's knowledge, the first to empirically assess the tax revenue potential of capital gains from Bitcoin in the European Union using disaggregated country-level data. Based on novel data from Chainalysis, a company providing blockchain analytics, the paper estimates the tax revenue potential of realised capital gains from Bitcoin within the European Union in 2020. The total estimated Bitcoin capital gains in the EU amount to €12.7 billion in 2020, including €3.6 billion of realised gains. Applying national tax rules for capital gains from shares to capital gains from Bitcoin yields a simulated tax revenue of about €850 million in 2020.

In his commentary, Manohar Samal examines the difficulties challenges related to the levying and collection of Indian goods and services tax (GST) on virtual digital asset transactions. The author uses the examples of cryptocurrencies, NFTs, security tokens, and other blockchain service providers to illustrate the abundance of interpretative issues in applying Indian GST legislation.

Tarun Jain's commentary also focusses on regulatory framework for cryptoassets in India, as one of the emerging crypto markets in the world. The author traces the evolution of both direct tax legislation and indirect tax legislation pertaining to cryptoassets. The emphasis is put on the most important provisions, such as the definition of a "virtual digital asset" (VDA) included in the Indian Income Tax Act (ITA), or the so-called "special charging provision" of the ITA. The author also highlights how some of the developments and new proposals received mixed reactions from the representatives of "crypto industry" and other stakeholders, leading to the conclusion that the current state of play in the tax treatment of cryptoassets in India is still very much a work in progress.

In combination, the papers included in this special issue make a significant and timely contribution to the ongoing debate on the taxation of cryptoassets. Even if one takes an extreme crypto-sceptic position, seeing in the rise of cryptoassets only a bubble deemed to explode, this phenomenon still holds salience for any enthusiast in tax policy and tax design. As pointedly presented in the contributions to this special issue, the advent and the rise of cryptoassets are about much more than the technical minutiae of tax legislation and practical application of the law; the debate on taxation of cryptoassets immediately raises important arguments related to the fundamental principles of tax law, like equity, efficiency, and administrability. Moreover, this special issue serves to illustrate how the genuine international debate is of vital importance, since international administrative co-operation and the search for common standards on a global level are key for taxing cryptoassets in a coherent and fair manner.

Finally, I want to thanks the authors for their worthy contributions, as well as for their co-operation and patience during the review and publication processes. Special thanks go to Dr. Stephen Daly, Managing Editor of the *Journal of Tax Administration*, for inviting me to assume the role of a guest editor of this special issue. A last word is reserved for Justine Davis, the journal's Editorial Assistant, for her diligent and meticulous assistance throughout the entire journey of producing this special issue.

Stjepan Gadžo
Associate Professor, University of Rijeka, Faculty of Law, Rijeka, Croatia