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FREE GUIDE · Digital assets

Chains and Borders

Where crypto is taxed when you move, which reporting regimes reach a foreign exchange, and the records that make a return possible at all.

Crypto across borders: residence, reporting and records

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Crypto has no jurisdiction of its own, so every cross-border question resolves to an ordinary one: where were you resident when the gain arose, what character did the gain have, and which reporting regime reaches the place your assets sit.

Who this is for

- Holders and traders who have moved country, or are about to.
- Anyone with assets on a foreign exchange, in self-custody, or staked through an offshore protocol.
- Corporations holding digital assets on the balance sheet across more than one jurisdiction.

Residence decides who taxes the gain

A disposal is taxed by the country where you are resident at the time of the disposal, subject to the treaty and to any source-country rule. That means moving country before or after a realisation changes who taxes it, and a departure can itself be a deemed realisation: several countries treat emigration as a disposal of assets at market value, and crypto is generally within that.

The practical consequence is that the departure and arrival dates matter as much as the trade dates. Our page oncrypto on emigration from Canadacovers the Canadian side, and the guide tothe Canadian departure yearcovers the surrounding mechanics.

Character: investment, business, or income

Whether a gain is a capital gain or business income is a facts question, and the factors are the familiar ones: frequency of transactions, holding period, financing, expertise, time spent and the intention at acquisition. High-frequency trading looks like a business in most systems; a long-held position bought and sold once does not.

Some receipts are income when they arise rather than gains on disposal. Staking and lending rewards, liquidity provision returns, airdrops and mining proceeds generally give rise to income at the point of receipt, with a cost base established at that value for a later disposal. That creates two taxable events from one asset and the second one is impossible to compute without the first one's value recorded.

Mining at scale raises a further cross-border issue: equipment operated in a country can amount to a fixed place of business there, which brings the permanent establishment question into what looked like a purely personal activity. Our page onmining income and permanent establishment riskcovers it.

Which reporting regimes reach a foreign exchange

This is where the answers diverge sharply and where careful reading matters more than intuition. Canada's foreign property reporting turns on whether the holding is specified foreign property, and where the asset is situated or held is central to that — self-custody, a foreign exchange account and a domestic platform are not equivalent. Our page onreporting crypto on T1135works through the distinctions.

On the US side, the foreign financial account report and the specified foreign asset statement each have their own scope, and the treatment of digital asset holdings has been an area of active change — which is precisely why the position should be confirmed for the year you are filing rather than assumed from a previous year's answer. Our page oncrypto and the FBAR questioncovers the state of it.

India taxes gains on virtual digital assets under a dedicated regime with its own rules on set-off and withholding on transfers, and foreign holdings of an Indian resident go on the foreign asset schedule. The regimes are not aligned with each other, so an asset can be reportable in one country and not in another without any inconsistency.

Records are the whole engagement

Nothing else in this guide matters if the records are not there. A cross-border crypto return needs, for every transaction: the date and time, the asset, the quantity, the value in the reporting currency at that moment, the counterparty or platform, the fee, and the wallet or account it moved between. Exchange exports rarely contain all of it, and transfers between your own wallets are routinely misread by software as disposals.

The failure mode is predictable. Platforms close, accounts are lost, and historical price data for a thin token becomes unavailable. Exporting and archiving every year — while the platform still exists — is the single highest-value habit in this whole area, and it costs an hour.

Losses, and the limits on using them

A lost or stolen holding is not automatically a deductible loss, and the rules differ by country and by character. What is generally needed is evidence: the transaction history, the incident, any exchange communication or insolvency documentation, and a clear account of what was held and when it became irrecoverable.

Where an exchange has failed, the timing of the loss can be a live question — whether it arises when the platform stopped honouring withdrawals, when insolvency proceedings began, or when a distribution was finally determined. The answer decides which year the loss belongs in, and the documentation is what supports it. Our page onlost or stolen crypto claimscovers the evidence to assemble.

Getting a cross-border crypto position straight

Records first. Every other step depends on them.

1. **Export everything from every platform** Full history from each exchange and wallet, archived locally. Do this before you need it and before any platform you use disappears.
2. **Establish residence by period** Which country you were resident in for each part of each year, with the dates. Then map transactions onto those periods.
3. **Determine character** Investment versus business for disposals, and income at receipt for staking, rewards, airdrops and mining. Apply it consistently and document the reasoning.
4. **Reconstruct cost base per asset** Including assets received as income, whose cost base is the value at receipt. Identify and exclude internal transfers, which software commonly treats as disposals.
5. **Test each reporting regime for each year** Foreign property, foreign account and specified asset regimes separately, on where the holdings actually sat. The answer can differ between years.
6. **File, then fix the process** File the returns and reports, then set an annual export routine and a wallet register so next year is a maintenance task.

Papers to gather

What a cross-border crypto engagement needs:

- Complete transaction exports from every exchange used, for every year in scope.
- A list of wallet addresses you control, with the dates they were in use.
- Staking, lending and reward statements with dates and values at receipt.
- Year-end and maximum balances per platform, and each platform's country.
- Evidence for any lost, stolen or stranded holding, including insolvency documents.
- Residence dates and any departure or arrival return already filed.
- Prior returns showing how gains and income were reported, and any cost base carried forward.
- For corporate holders, the accounting policy applied and the entity that holds the keys.

Where it goes wrong

- **Treating internal transfers as disposals** Moving your own coins between your own wallets is not a taxable event, but most automated tools read it as one unless the wallets are identified. It inflates gains and it is the most common error in crypto returns.
- **Not valuing income at receipt** Staking and reward income is taxed when received and sets the cost base for the later disposal. Without the value at receipt, both the income and the eventual gain are unsupportable.
- **Assuming a foreign platform is not reportable** The reporting regimes each define scope differently, and the answers have moved. Confirm the position for the year being filed rather than carrying forward last year's conclusion.

Questions this raises

Does moving country reset my crypto cost base?

Sometimes, in both directions. Several countries treat emigration as a deemed disposal at market value and several give an arriving resident a cost base at market value on arrival. Neither is universal, so the two ends of the move have to be checked separately.

Is crypto on a foreign exchange reportable foreign property?

It depends on the regime and on how and where the asset is held: self-custody, a foreign exchange account and a domestic platform are not equivalent for these tests. The position has also changed over time, so confirm it for the year you are filing.

Is staking income taxable before I sell anything?

Generally yes. Rewards are typically income when received, valued at that moment, and that value becomes the cost base for a later disposal. Without recording the value at receipt, both events become difficult to compute correctly.

Can I claim a loss on coins lost with a collapsed exchange?

Possibly, and it depends on the country, the character of the holding and the timing of the loss. What decides it in practice is evidence: transaction history, platform communications and insolvency documentation supporting what was held and when it became irrecoverable.

What to do next

If you have moved country or are about to, the sequencing question comes first: what a departure does to unrealised positions, and whether a realisation belongs before or after the move. If you are simply behind, start with the exports.

We reconstruct histories, prepare the returns and handle the reporting as one fixed-fee engagement agreed before work starts. See crypto held on foreign exchanges,crypto tax in Indiaand thecrypto record checklist.

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Cross-border and international tax. Fixed fees agreed in writing before work starts, quoted from your own documents.

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