



30 September 2022

The Board of Taxation
C/- The Treasury
Langton Crescent
Parkes, ACT 2600
Australia

Submitted by email: TaxDigitalAssets@taxboard.gov.au

Re: Coinbase Comments to Review of the Tax Treatment of Digital Assets and Transactions in Australia

Coinbase welcomes the opportunity to submit comments on Australia's Review of the Tax Treatment of Digital Assets and Transactions. We request clarification on a very important marketplace issue relating to the potential application of GST to "spread" earned by a cryptocurrency exchange on buy, sell, and cryptocurrency-to-cryptocurrency transactions.

About Coinbase

Coinbase is one of the largest global platforms for customers to buy, sell, hold and trade crypto-assets. Our mission is to increase economic freedom in the world. We build safe, trusted, easy-to-use technology and financial infrastructure products and services that enable any person or business with an internet connection to discover, transact, and engage with crypto-assets and decentralized applications. Our products provide access to the crypto economy in more than 100 countries and serve as a critical infrastructure layer to Web3. Customers that start with us grow with us as they experience the benefits of crypto-based products for investing, staking, spending, borrowing and transacting in crypto in a growing number of use cases. Today, our platform enables approximately 103 million retail users, 14,500 institutions, and 245,000 ecosystem partners to engage with crypto-assets.

We obtained our AUSTRAC registration earlier this year and are delighted at the prospects of expanding our local offerings in Australia in the near future. We expect and plan to be a major participant in the Australian crypto economy based on our philosophy of being compliant, safe and easy to use by our customers.

Request for Clarification

Coinbase may charge its customers fees when they buy, sell, or convert cryptocurrencies. Coinbase also may include a spread in the price to buy or sell transactions and to convert cryptocurrencies. This spread allows Coinbase (or any other local Australian exchanges that charge spread) to temporarily lock in a price for trade execution. Coinbase acts as an agent that transacts on behalf of its customers and does not act as a principal in the transactions.



Australia imposes a goods and services tax (GST) of 10% on certain goods, services, and other items sold or consumed in Australia. The ATO has issued limited guidance with respect to the application of GST on sales and purchases of cryptocurrency. Further, a business is required to invoice its customers for any GST imposed.

Based on the existing guidance, we believe that GST applies to the fees imposed on Australian customers to buy, sell, or convert cryptocurrencies by cryptocurrency businesses operating in Australia. We respectfully request clarification whether GST also should apply to any "spread" received by a cryptocurrency exchange on its customers' purchase, sale, or conversion of cryptocurrencies. The lack of guidance on GST with respect to "spread" for cryptocurrency transactions creates uncertainty and potentially creates an Australian tax liability (including interest and penalties) for the failure to impose GST on spread. We do not believe that GST is being collected uniformly on "spread," which creates risk and a competitive disadvantage for compliant exchanges such as Coinbase. Australia would strengthen its competitive position in the global marketplace by issuing guidance on GST to cryptocurrency transactions (and, specifically, with respect to GST on "spread") and eliminating tax law uncertainty.

We welcome the opportunity to discuss our comment letter and our global experience with respect to the crypto assets with you.

Very truly yours,

A handwritten signature in blue ink, appearing to be "L. Zlatkin", written over a faint circular stamp.

Lawrence Zlatkin
Vice President, Tax

Coinbase Global, Inc.