



What are the Belgian tax consequences of crypto mining ?

Bitcoin and other cryptocurrencies have captured the attention of investors worldwide. Many governments are working on a **legal framework**, but for most countries this process is still **in its early stages**. With profits, comes tax; but how does the Belgian taxman **qualify crypto profits**?

Belgium has **not yet developed any specific tax or accounting regulations** for crypto assets. As a result, we need to completely rely on the **existing general principles**. Therefore, the tax treatment of transactions involving cryptocurrencies will often require a **case-by-case analysis**.

If you are a Belgian tax resident active as a 'miner', you have probably wondered about the **tax consequences of 'mining' crypto assets**. Miners receive cryptocurrencies as a **reward for completing 'blocks' of verified transactions** which are added to the **blockchain**. Miners verify transactions and are paid fees for doing so to **keep the integrity** of the crypto network.

Before you can 'mine' crypto assets, you will **need to purchase specialised hardware** and make it available to the mining pool, unless you prefer to go solo instead. When crypto assets are being mined, some argue that the mined crypto assets should be qualified as **self-produced assets** (like issued stock), while others consider it a **payment in kind** for the services rendered to the network. This distinction is **relevant for accounting, tax and VAT purposes**.

Mining does **not necessarily result** in receiving crypto assets and when it does, the miner will receive a **claim**. This claim will only be collected **when converted** into currency **or by selling it**. The Belgian tax authorities have confirmed in the past that cryptocurrencies are **not a legal currency** and should therefore indeed be considered a **claim**.

Assuming that mining would **generate taxable income**, it then needs to be examined if it **is part of a business activity** or a **normal management of privately held assets**. Gains realized by a private individual are **not taxable** in Belgium if this takes place within the scope of a 'normal' management of your personal assets. What is 'normal' and what is 'speculative' (abnormal), is not always clear unfortunately and has resulted in many discussions with the tax office.

Mining activities are in general **not risky** and the **related costs are limited**, albeit that the hardware needed for it can be expensive. Miners **do not act in anticipation** of the market price and the **expected value increase** of crypto assets. For this reason, mining should **not** be considered 'speculative' and will therefore remain **completely tax-free**.

If crypto assets are **mined by a company** subject to Belgian corporate tax, they will **not lead to any taxable event** either. However, when the assets **are consequently sold or used as a payment method**, the capital gains will become taxable.

TAXPATRIA® can help you to understand the **tax consequences** of your **crypto mining activities**.