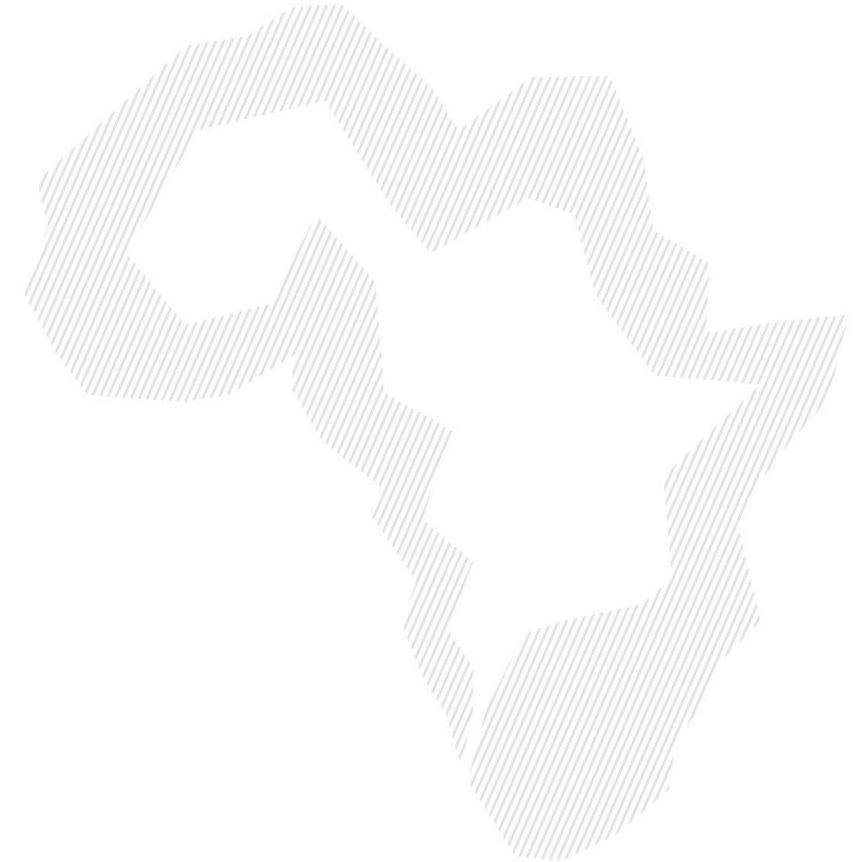




**AFRICAN TAX
ADMINISTRATION FORUM**

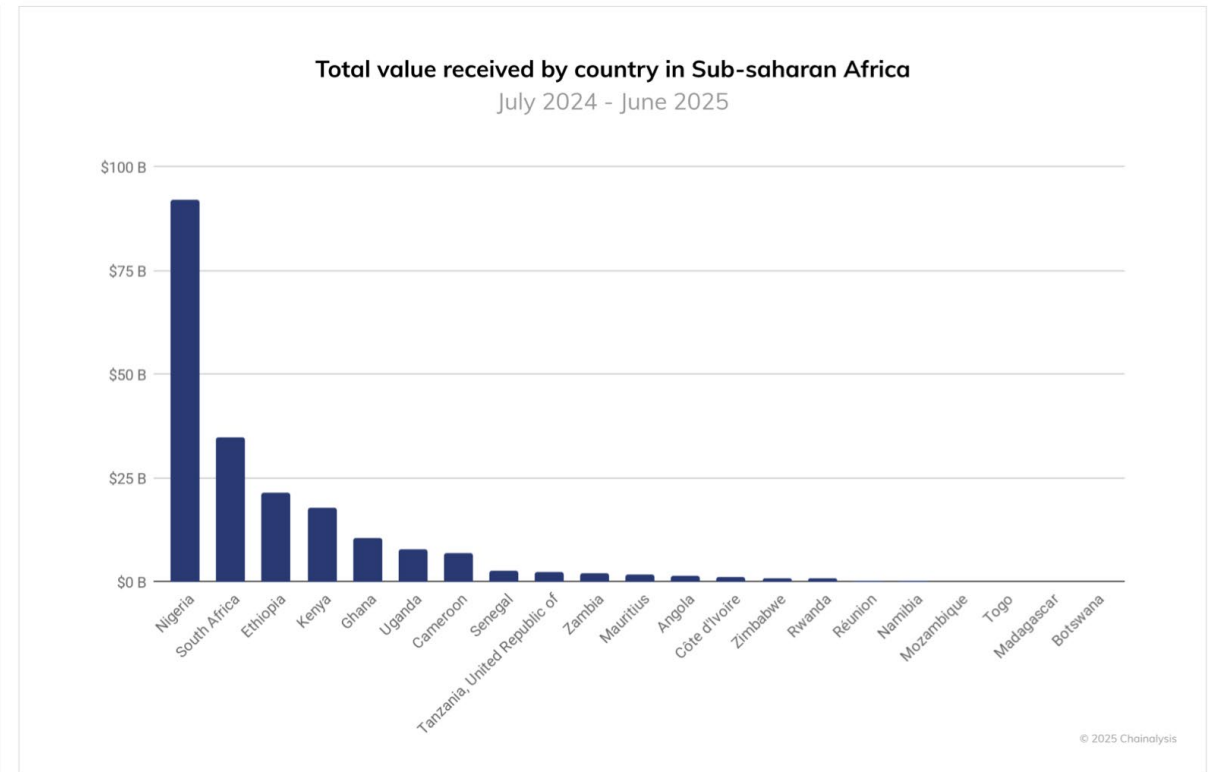
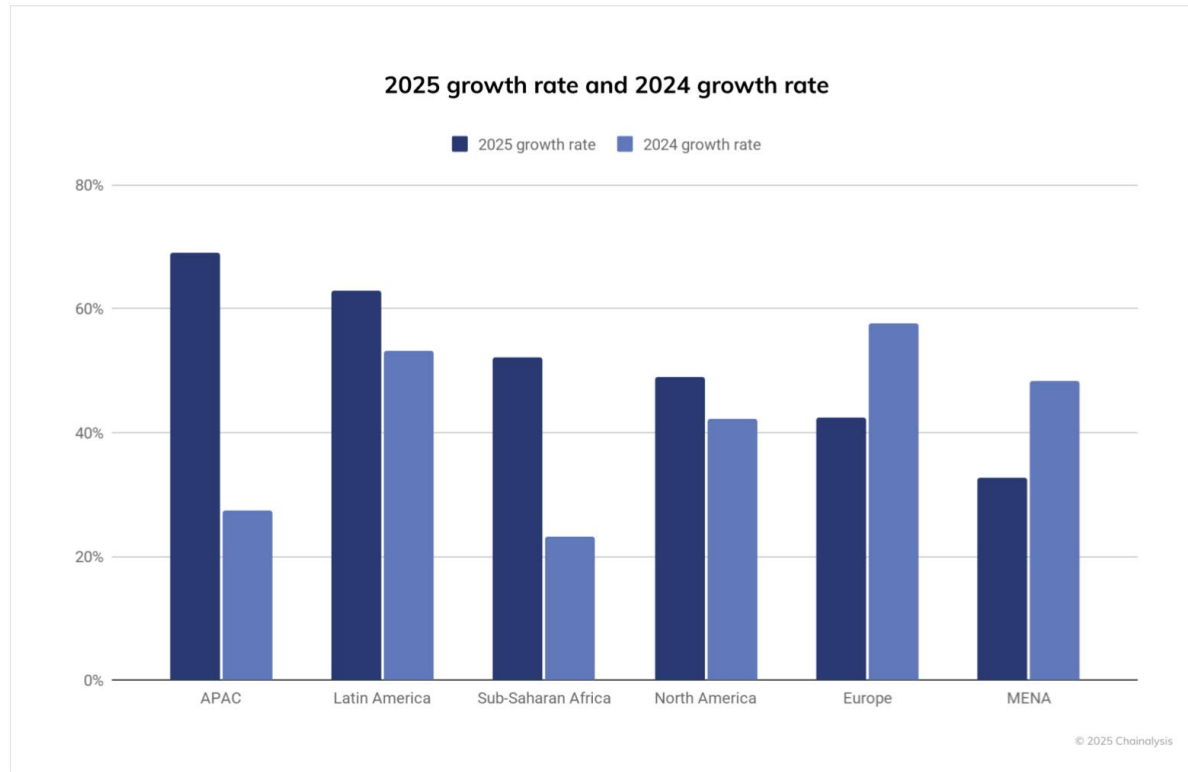
**FORUM SUR
L'ADMINISTRATION
FISCALE AFRICAINE**



VAT Treatment of Crypto-Assets in Africa



Adoption of Crypto Assets in Africa



Source: The 2025 Geography of Crypto Report by Chainalysis



VAT Treatment of Crypto Assets in Africa

Crypto Assets are yet to have a clear regulatory or taxation framework in most jurisdictions in Africa thus there may not be a **legal characterisation**.

Its VAT treatment may be considered from the perspective of VAT principles and logic vis-à-vis the substance and form of the transaction.

- Neutrality
- Fairness
- Supply activity
- Consideration



VAT Treatment of Crypto Assets in Africa

Scenario A: Explicit Exemption

- Crypto exchange/transfer treated as exempt financial service (or out of VAT scope).
- Fees/commissions can still be taxable.
- Trade-off: revenue foregone

Example(s):

South Africa (explicit exemption for acquisition, collection, buying or selling or transfer of ownership).

Scenario B: Taxable Supply

- Crypto transfer/exchange treated as supply of services/rights unless a specific exemption applies.
- Higher demands on valuation and recordkeeping.
- Trade-off: neutrality/revenue vs disputes and compliance cost.

Example(s):

No African country has a public guidance that clearly states treatment as supply of services for VAT purposes.

Scenario C: Interpretive Uncertainty

- No crypto-specific VAT guidance; outcomes depend on case-by-case analysis.
- Focus often shifts to taxing platform fees and cross-border digital services.
- Trade-off: flexibility vs inconsistent treatment and litigation risk.

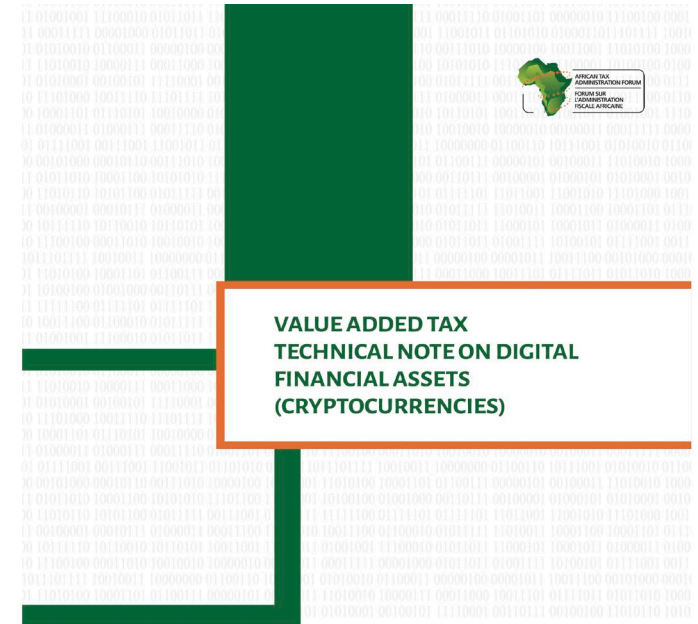
Example(s):

Nigeria, Kenya, Mauritius, Ghana



ATAF Perspective

- Frontier Issue
- Dynamic and Evolving
- On-going research for enhanced understanding
- Considerations are not prescriptive





Considerations

Mining/Validation

- Block rewards may lack an identifiable counterparty thus maybe hard to establish a taxable “supply”.
- Does Mining activity qualify as carrying on an enterprise?
- Transaction fees paid by identifiable parties may be easier to characterize as consideration for a service.
- VAT may be applicable if it qualifies as carrying on an enterprise.

Token Exchange / Transfer

- Can be treated like financial activity or an intangible right
- Exempt if treated as financial activity and qualifies as exempted financial services or to avoid valuation issues)
- Standard-rate for neutrality where it does not qualify for exemption and administrative capacity is available for compliance management

Intermediation (Exchange Platforms)

- Commissions, spreads, listing fees, brokerage charges may be payable
- VAT should typically be applicable
- Standard-rate unless a narrow financial services exemption applies.
- Consider cross-border place-of-taxation rules

Custody, Wallet and Staking-as-a-Service

- Typically services with transaction fees or a consideration
- Standard-rate unless a narrow financial services exemption applies.
- Consider cross-border place-of-taxation rules

Goods and Services Paid for With Crypto (Crypto-as-a-Consideration)

- VAT follows the underlying supply (goods/services)
- Standard-rate unless an exemption applies.
- Consider cross-border place-of-taxation rules



What African Countries Can Do At The Moment

- Decide on a clear model (exempt vs taxable) for token exchange, based on administrative capacity and neutrality objectives.
- Publish a VAT classification & treatment note: token dealing, intermediation fees, custody/wallet, mining, and crypto-as-consideration.
- Clarify valuation methodology and acceptable evidence (exchange rate sources, invoicing, documentation, etc).
- Prioritise compliance on taxable services (fees).
- Integrate Virtual Asset Service Providers licensing/AML data with VAT risk analytics to identify platform operators and large-scale traders.
- Coordinate across countries for consistent terminology and audit approaches (reduces arbitrage).



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