

Break-out session E: VAT/GST and the Crypto Economy Insights from a business perspective

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- **The crypto ecosystem is systemic and big**
 - Over US\$ 3 trillion in assets (January 2026).
 - Based on blockchain and transformative technology.
 - We are witnessing increasing levels of “tokenisation” of assets.
 - Stablecoin growth and penetration is expanding rapidly (USDC, USDT) – US\$ 300 Billion + (January 2026) and expected to be US\$ 2 trillion-US\$ 4 trillion by 2030.



Challenges that businesses face for VAT in the crypto-asset economy:

1) Overcoming public perceptions and associated government apprehensions

- The crypto ecosystem is not dominated by bad actors:
 - All of TradFi and crypto is impacted by bad actors.
 - Blockchain is public and easier to monitor by law enforcement.
 - Percentage of criminal activity/fraud less than 1%.

2) Threats to tax neutrality because of policymakers' misunderstanding and inconsistency in classification and VAT treatment of crypto-asset products

- Crypto-assets are new, although many are tokenised versions of traditional asset classes:
 - Payment tokens (Bitcoin)
 - Security tokens
 - Utility tokens
 - Tokenised “real world assets” (e.g. real property)



Challenges that businesses face for VAT in the crypto-asset economy:

3) Applying VAT to high-frequency, high-volume trading of crypto-assets

- As businesses closely involved in the industry, we take the view that exchanges that sponsor crypto-assets are trading and investment intermediaries:
 - Tokens are bought, sold and held for trading and investment or for payment.
 - Gaming/utility tokens also are bought, sold or held for trading, investment or payment... not for consumption.



Business views on OECD VAT work on crypto-assets

Business perspective on OECD project for analysis of crypto-assets for VAT:

- Gives important background on industry and how it operates commercially – Crucial for governments to understand the VAT challenges and consider relevant policy options that address them in practice.
- International consistency – Taking the *International VAT/GST Guidelines* and its two fundamental principles (destination principle and neutrality principle) as a starting point to explore policy options.
- Clear guidance from the OECD would promote international consistency (c.f. OECD VAT work on digital trade) – Businesses would greatly appreciate and will continue to actively support such work.
- Adaptation of existing frameworks may be an effective approach for this emergent industry, notably for financial products and currency, as well as other analogies.

Challenges on the horizon for countries to be aware of:

- Industry is evolving and expanding rapidly with new products (e.g. an expanding range of tokenisation, derivatives, prediction markets).