

Managing Unexpected Tax Liabilities from Crypto Transactions



Introduction



Presenters



James Stuart CA
Tax Traders



Simon Akozu
MinterEllisonRuddWatts



Tim Doyle CA
Doyle
Accountants



Clyden Manikkam
FM Insure



Maddy Green CA
Tax Traders

Why are we here?

Crypto investors urged to get tax compliant



20 April 2026

Inland Revenue (IR) is reminding investors of crypto-assets that they need to get tax compliant now, so they don't end up with an expensive surprise down the line.

Inland Revenue has identified 355,000 unique crypto-asset users in New Zealand, undertaking around 57 million transactions, with a value of \$36 billion.

Crypto-assets are treated as a form of property for tax purposes and what people make from selling, trading or exchanging crypto-assets is taxable. Any profit made is treated as income, added to other annual earnings, and taxed within a person's regular income tax bracket.

If people are making money from crypto-assets they should be thinking about their tax obligations

Latest media releas

06 MAY 2026
[High trust COVID relief sc abused](#)

29 APRIL 2026
[Mother and daughter sen tax evasion](#)

28 APRIL 2026
[COVID and tax fraud resu detention sentence](#)

Current trends

Compliance activity	2023	% change	2024	% change	2025
Audit cases closed	3,608	20%	4,344	76%	7,641
Audit cases opened	4,216	22%	5,131	20%	6,147
Audit cases on hand	3,178	19%	3,773	27%	4,794
Voluntary disclosures	9,790	189%	28,335	1%	28,533

Revenue generated from audits \$1,026m

Revenue generated from voluntary disclosures \$352m

↪ tax traders

Today's session

1

Crypto tax
overview and
options
available if IRD
come knocking

2

How can FM
Insure protect you
from professional
fees when IRD
come knocking

3

How tax pooling
can save you
money

Poll

What best describes your reason for joining today's webinar?

- I currently hold crypto-assets or intend to invest
- I'm an advisor with clients who do / might hold crypto-assets
- I'm both
- Other



Crypto Tax **SORTED**

Clarity · Control · Compliance

Clear numbers build
confident wealth.

Why you can trust us

2,500

crypto tax returns filed
with IRD since 2017

Advising
100+
clients, each holding
over \$1 million in crypto

15+ years of
tax expertise



 **Chartered Accountants**



Consulted by IRD on crypto policy,

Lodging hundreds of voluntary disclosures,
binding rulings and audit responses



CAANZ National Tax Conference speaker

on Cryptocurrency tax
in 2021, 2023 and 2025

Proud to partner with



Inland Revenue
Te Tari Taake



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND



EASYPOLY



BINANCE

What is a Taxable Event?



Doyle

ACCOUNTANTS + ADVISORS

When is Crypto Taxed?

Crypto is taxed when it is disposed

- Selling
- Swapping
- Spending
- Some staking and liquidity pools
- Entering into some loan agreements where you give up ownership and control of your cryptocurrency.

Record Keeping



Doyle

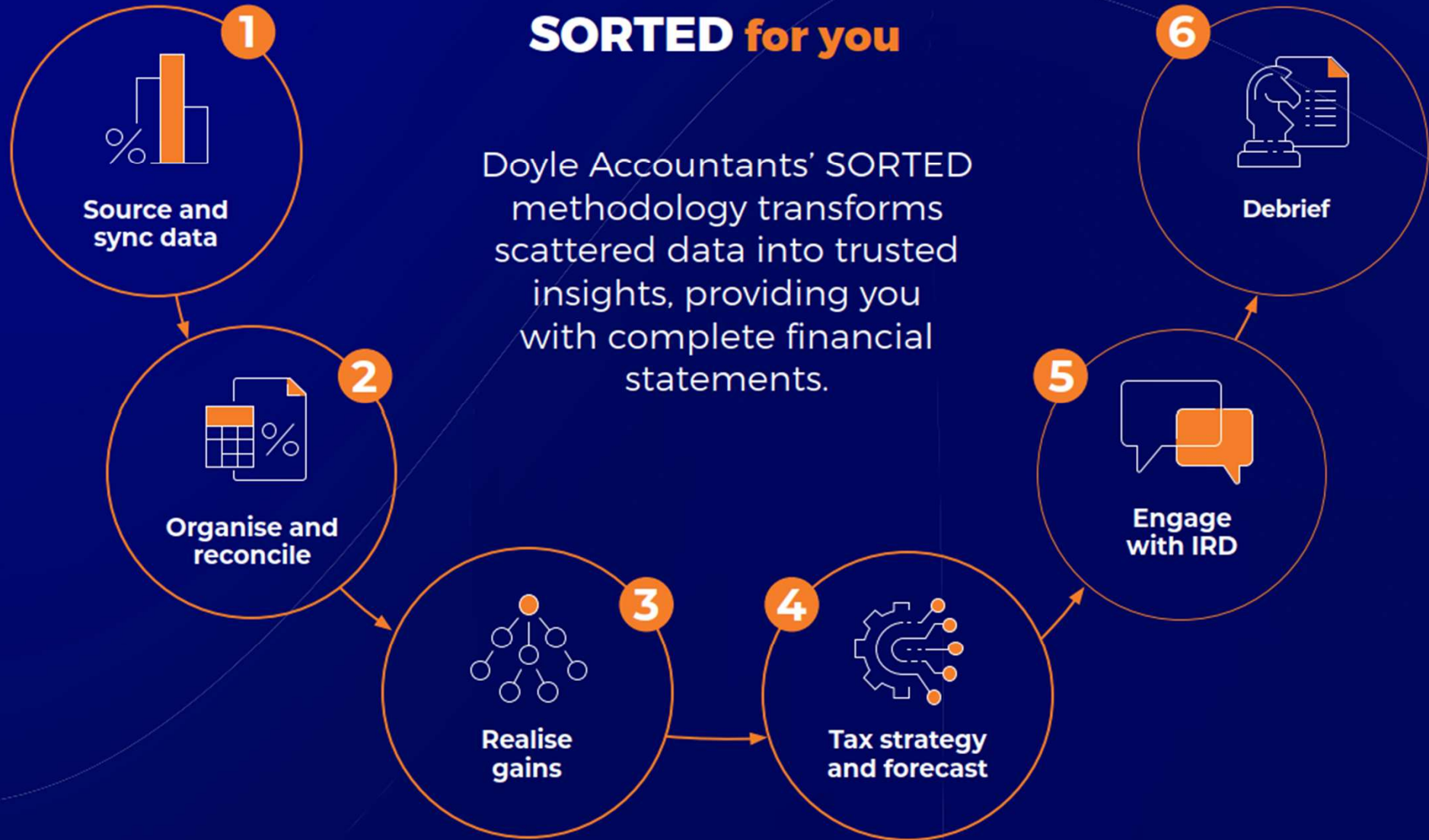
ACCOUNTANTS + ADVISORS

Record Keeping

- Poor records are the single biggest risk factor in an IRD crypto audit
- Evidence
- IRD will ask for transaction records and calculation proof
- Financial Statements
- Online Tools

SORTED for you

Doyle Accountants' SORTED methodology transforms scattered data into trusted insights, providing you with complete financial statements.



Stock Take

- Evidence on ownership, quantities, holdings
- Date/time stamped
- Single most important checks
- Ensure clients don't pay more tax than necessary
- Don't use an App (that changes every day)

If the client doesn't have their data

- Limited and at risk – sometimes nothing to do about this
- FTX, Celsius, Dasset, BitPrime, Cryptopia
- Missing purchases – reverse engineer based on historical BTC price
- Investigative work on the blockchain
- Need for good systems and processes and governance



3 Big Mistakes



Doyle

ACCOUNTANTS + ADVISORS

Waiting for IRD to knock



The longer you wait,
the greater the risk.



IRD can review past
years at any time.



Proactive compliance
reduces exposure
and protects your business.



**There is no plan
on how or when
they will pay their tax.**



They think they're only taxed when converting to fiat, exposing themselves to non-compliance.



Crypto tax disputes: facts, evidence and credibility

Getting the facts and evidence right

- Before deciding how to progress a crypto tax issue, it is important to gather all the relevant facts and evidence

Why it matters

- Crypto tax analysis is heavily dependent on facts and it's not always easy to determine what facts will matter to IRD, to give the best advice we need the full background on the crypto investments / transactions
- Difficult to reconstruct the past especially where contemporaneous evidence is limited
- Avoid the temptation to “over-egg” the facts because credibility is critical

Crypto tax disputes: facts, evidence and credibility (cont'd)

Evidence to gather

- Relevant evidence may include:
 - wallet addresses and transaction histories;
 - exchange CSV exports and API data;
 - contemporaneous records, emails, notes or investment materials;
 - wallet reconciliations showing how the quantified amount ties back to wallets and exchanges; and
 - evidence of costs where they are intended to be deducted

Address evidentiary gaps upfront

- Where records are incomplete, explain the gap

Key takeaway

A clear evidence base helps identify the strength of the taxpayer's position, quantify any exposure, and decide whether the matter should be progressed by ruling or voluntary disclosure, where not previously accounted for

When to engage, fight, or do nothing: key judgment calls with IRD

Choose the engagement pathway based on the strength of the tax position, risk appetite, and desired certainty

“No names” approach

- Facts and legal arguments can be explored anonymously before committing to a formal position
- Can help test IRD’s likely reaction and inform next steps

Private Binding Ruling / Filing conservatively and NOPA’ing return

- Best suited where there are strong prospects of success
- Preferable for those seeking certainty of their tax position

Voluntary Disclosure

- Where the position is weak it may be better to pay the tax and focus on penalty mitigation
- A pre-notification disclosure can result in a 100% reduction of shortfall penalties where the disclosure is a “full voluntary disclosure”

The risk of doing nothing

- Identified by IRD and audit initiated, therefore lose ability to access full penalty mitigation through voluntary disclosure (although partial relief may still be available)
- The longer you leave it the larger the bill can become



Poll

To what extent are you proactive or reactive to engaging with IR on disclosing revised tax positions?

- Proactive
- Reactive
- A mix of both
- This doesn't apply to me or my client base



FeeCover[®]

**Easier , fairer and more innovative tax
audit insurance**

fm FM Insure

www.fminsure.co.nz



What is Tax Audit Insurance



Our Purpose

FM Insure is here to evolve the tax audit insurance industry in New Zealand and make it easier, fairer and more innovative.



Overview

- ▶ NZ owned and operated
- ▶ 30+ years working with accounting firms
- ▶ Underwritten by Agile Insurance
- ▶ Lloyds Coverholder
- ▶ Independent registered FAP

LLOYD'S

 Agile



IRD's Focus on Compliance



IRD's focus on compliance

- ▶ Renewed & aggressive focus on early intervention, reviews and verifications
- ▶ Extensive media coverage
- ▶ Revenue targets - including 8:1 return on investment
- ▶ Capable systems connected with various financial markets & providers
- ▶ Investing \$35m per annum

The FeeCover Difference





FeeCover[®]



FeeCover Edge

Cover your entire practice



FeeCover Individual

Cover an individual business

FeeCover Benefits

- ▶ Protection from professional fees for every client of a Firm or specific clients
- ▶ Flexible cover limits
- ▶ Cover for small and large businesses - up to \$200mil turnover
- ▶ Simple to manage - auto renew option
- ▶ NZ's simplest tax audit insurance policy drastically reducing time spent on managing a policy

Contact Us

 0800 600 509

 www.fminsure.co.nz

 contact@fminsure.co.nz

 FM Insure

www.fminsure.co.nz





Tax pooling



Tax Traders



- Inland Revenue approved tax pooling intermediary
- Administered by independent trustee, Public Trust
- New Zealand's preferred tax pool* with \$4b in funds currently under management
- Founded in 2012
- The only tax pool that is ISO certified (ISO 27001)
- A proud B Corp



Late Payment Penalty (LPP)

1% on day 1

Late payment penalty

4% on day 7

Total late payment penalty: 5.04%

Use of Money Interest (UOMI)

	DR UOMI underpayments	CR UOMI overpayments
Current 16 Jan 26	8.97%	2.25%
From 8 May 25 to 15 Jan 26	9.89%	3.27%
From 16 Jan 25 to 7 May 25	10.88%	4.30%
From 29 Aug 23 to 15 Jan 25	10.91%	4.67%
From 9 May 23 to 28 Aug 23	10.39%	3.53%
From 17 Jan 23 to 8 May 23	9.21%	2.31%
From 30 Aug 22 to 16 Jan 23	7.96%	1.22%
From 10 May 22 to 29 Aug 22	7.28%	0.00%
From 8 May 20 to 9 May 22	7.00%	0.00%

What Inland Revenue will charge on overdue tax

1

Late payment
penalty (LPP)

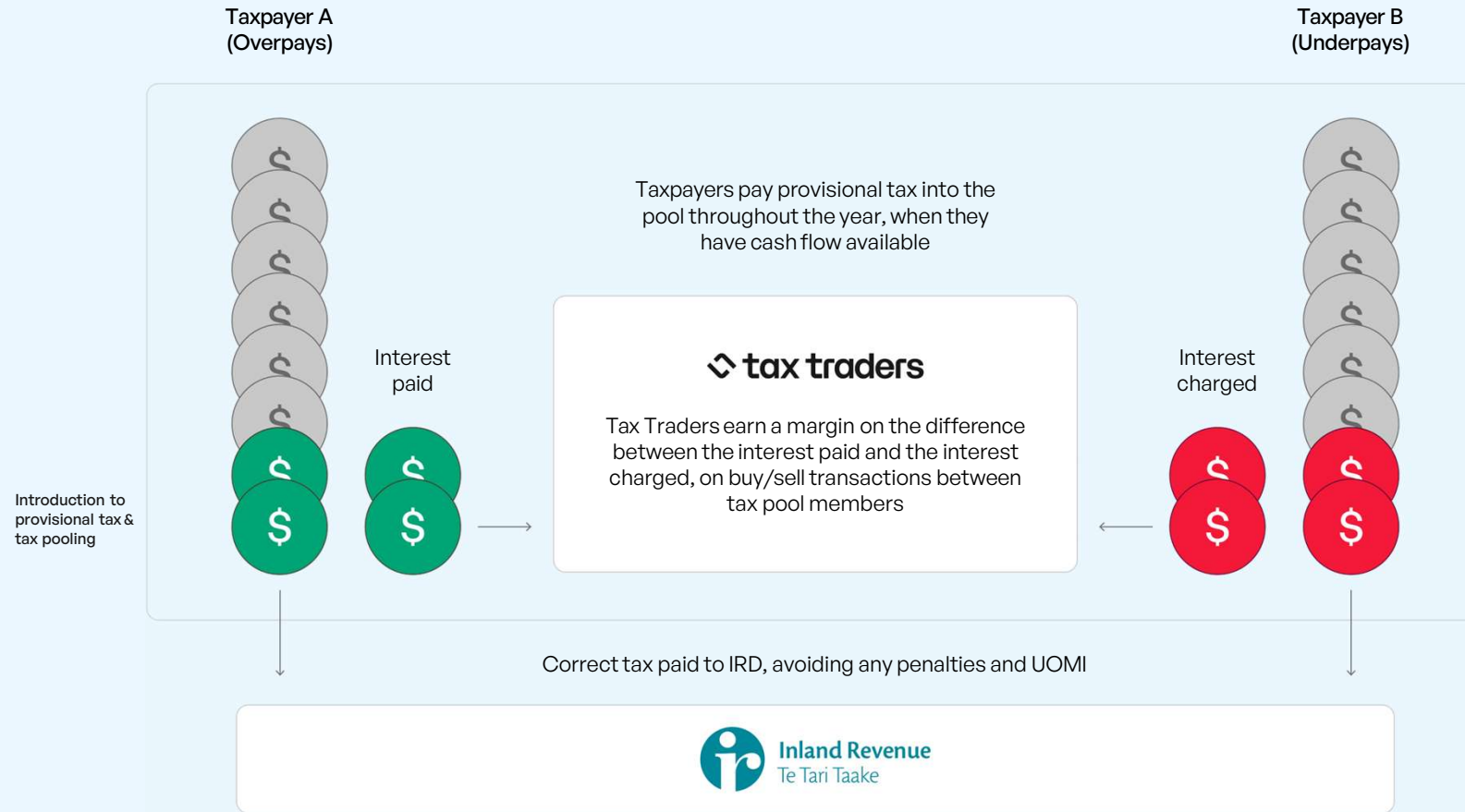
Maximum penalty: 5.04%

2

Use of money
interest (UOMI)

Compounding at various rates

Tax pooling explained





Case study



Case study – the casual investor

- Mr Token is a salaried employee with a full-time job
- He first purchased crypto in 2018 out of curiosity and, over time, increased his trading
- He receives a letter from IRD outlining the taxable nature of crypto-asset and encouraging disclosure of any taxable events
- This is a surprise, as he had assumed crypto was non-taxable

- Unsure what to do next, he reaches out to an advisor for guidance
- The advisor reviews his activity and identifies tax liabilities across multiple periods; 2021, 2022, 2024, 2025
- Updated tax returns are filed and accepted by IRD
- The advisor gets a quote from Tax Traders to purchase the tax amounts

Case study – the casual investor

Tax Date	Amount	Int Payable	Cost with Interest	Benefit	Rate
08/02/2022	\$81,000.00	\$24,604.80	\$105,604.80	\$8,680.25	7.16%
11/04/2023	\$175,000.00	\$42,318.40	\$217,318.40	\$13,578.13	7.87%
07/02/2025	\$20,000.00	\$1,789.09	\$21,789.09	\$664.08	7.19%
09/02/2026	\$17,000.00	\$268.25	\$17,268.25	\$95.22	6.62%
Potential Late Payment Penalty Saving				\$14,767.20	
Tax Subtotals	\$293,000.00		\$361,980.54	\$37,784.88	

Case study – the casual investor



Case study – the casual investor

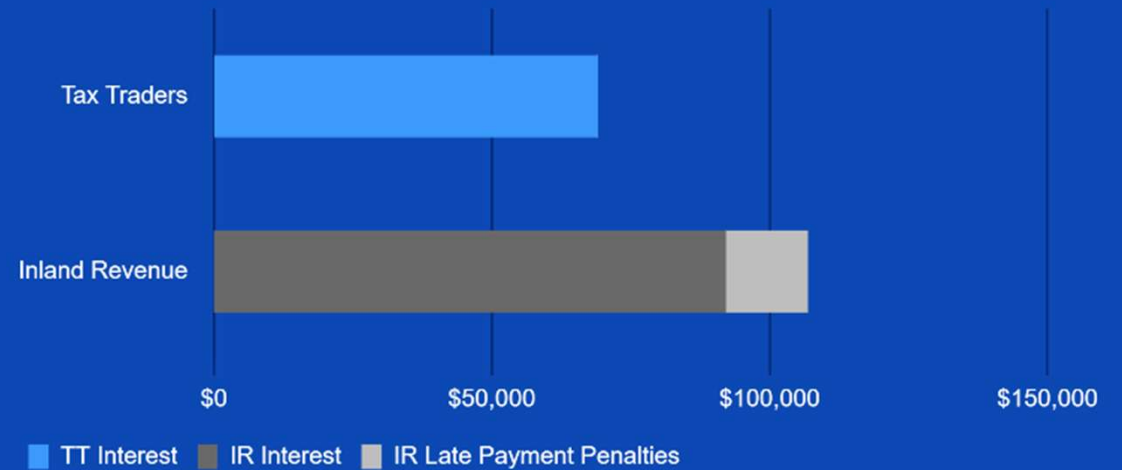
Cost to pay IRD

Interest	\$91,998.22
Penalties	\$14,757.20
Total	\$106,765.42

Cost to use Tax Traders

Interest	\$68,980.54
----------	-------------

Tax Traders vs Inland Revenue



Tax Traders provides savings of \$37,784.88 over paying Inland Revenue directly.

Case study – the casual investor

Cost to pay IRD

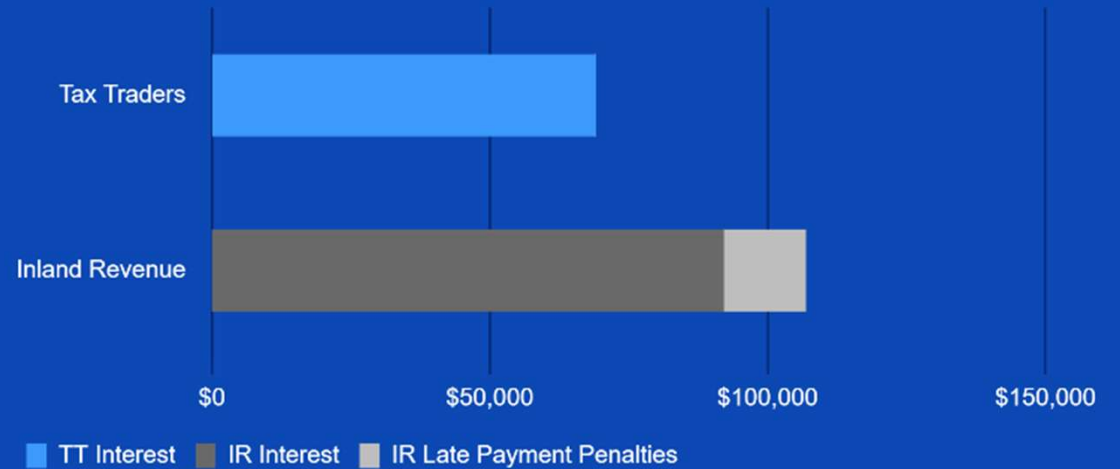
Interest	\$91,998.22
Penalties	\$14,757.20
Total	\$106,765.42

Cost to use Tax Traders

Interest	\$68,980.54
----------	-------------

Saving \$37,784.88

Tax Traders vs Inland Revenue



Tax Traders provides savings of \$37,784.88 over paying Inland Revenue directly.

Key considerations

- Certain criteria and timing rules apply to use tax pooling
- In some circumstances, permission from IRD is required. This is called Commissioners Discretion.
- Inland Revenue's tone is encouraging disclosure
- This won't always be the case
- Currently seeing high levels of success when it comes to getting discretion from IRD to use pooling
- Disclosure now and take advantage of IRD's current position
- **Do not wait for IRD to come to you**

Questions?