



Cryptocurrencies and digital assets holding strategies

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Navigating the tax implications of engaging with cryptocurrencies is a new and complex challenge.

Here we consider the issues for private clients and their family offices in Luxembourg, a crypto-friendly jurisdiction with a newly extended legal framework for dematerialised securities - the new Blockchain IV draft law - and its first crypto-assets alternative investment fund authorised by the CSSF earlier this year.

Tax features of crypto-assets and digital assets in Luxembourg

Cryptocurrencies introduce new concepts that challenge traditional tax norms. The classification of tokens, the valuation of transactions and the recognition of taxable events are areas where the guidance of tax professionals like Ogier's Luxembourg Tax team becomes key.

Several areas require attention and careful consideration including:

- **Classification of crypto-assets and digital assets for legal and tax purposes:** Cryptocurrencies and digital assets challenge traditional asset categories with the likes of e-money, utility and non-fungible tokens (NFTs), potentially resulting in ambiguity regarding their tax treatment. Understanding the nuances of cryptocurrencies and the profile and features of digital assets is crucial for determining the applicable tax treatment of any crypto transaction.
- **Valuation of transactions involving cryptocurrencies and digital assets:** The highly volatile nature of cryptocurrencies and digital assets poses a challenge in determining their value and could lead to tax issues.
- **Recognition of taxable events in the context of cryptocurrencies and digital assets:** Cryptocurrency and digital assets transactions can be diverse, including trading, staking,

mining, minting, lending and so on. Each type of transaction may trigger different tax implications, from capital gains to regular income tax.

How Ogier can help

The intersection of cryptocurrencies and tax law continues to evolve. Our team continually monitors the development of Luxembourg's tax treatment of crypto-asset related transactions. We recommend crypto-asset holders seek expertise from qualified tax professionals to ensure compliance with their tax obligations.

Ogier offers tailored advice to optimise your cryptocurrency and digital asset holding strategies within Luxembourg's regulatory framework.

Our tax experts provide comprehensive tax structuring services for ultra-high-net-worth individuals, families and their family offices from all over the globe.

Our services in this area form part of our Tax team's structuring and estate planning services of private and professional assets, enabling our clients to achieve tax efficiency and financial goals while facilitating wealth transfer over future generations.

To discuss your crypto-asset investments and holding strategies, contact our Luxembourg Tax team.

About Ogier

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

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