

Prospects for the legalization of cryptocurrency in Ukraine, based on the experience of other countries

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Abstract. Presently, legal circles, both among theorists and practitioners, are particularly concerned about the legalisation of cryptocurrencies and transactions with them according to the current legislation. For this reason, the purpose of this work was to study approaches and methods to legalisation of income derived from cryptocurrency speculation based on the provisions of the tax legislation of Ukraine. A theoretical analysis of the general concepts under study was conducted, which in turn formed the object of this study. The common and distinctive features of the researched concepts were identified, thus establishing the relationship and dependence between them. As for the practical aspects, the study revealed them in the analysis of particular regulations, namely, the specific features of their implementation. Positions and opinions of various scholars on it were compared, which allowed for a qualitative coverage of ways to legalise the income that citizens receive from cryptocurrency speculation. On the basis of the analyzed scientific publications, the most successful and suitable for implementation in Ukraine, the experience of other countries, in particular the USA and Canada, has been determined. It has been proven that the legalization of citizens' incomes received from cryptocurrency transactions is a necessary process for the economic development of the state. The practical value of the study lies in the fact that it can be used both by scholars, in the context of the primary source for further study of this issue, and by lawyers whose activities are related to cryptocurrencies. The scientific value of this study was covered in the description of effective approaches to transactions with income generated by cryptocurrencies, which have not yet been studied to the required level

Keywords: digital economy; blockchain technologies; electronic money; digital currencies; financial assets

Introduction

Analysing the socio-economic conditions of today, they are developing extremely dynamically, which is largely caused by the globalisation and informatisation. Admittedly, this is also reflected in the Ukrainian technology market, which provokes several changes, specifically in the context of civil rights and obligations of citizens. To a greater extent, this is due to the active formation and dissemination of new objects of civil law, characterised by their special form, namely digital. In this context, attention should be focused on digital assets, as their impact on Ukraine's economy and civil relations between citizens is only increasing with each passing day. Accordingly, there is an urgent need to legalise cryptocurrencies, namely the income that citizens receive from speculation in such financial assets. Furthermore, considering the problematic of this issue, it can be argued that such a digital currency market, in the conditions in which the modern world is developing, requires its separation and recognition as one of the elements of the economic system of a developed state. Now, Ukraine is only at the initial stage of cryptocurrency legalisation, as evidenced by several issues

that are still unresolved. They are caused by the inadequate level of legislative regulation of this area, which is reflected in the lack of special tax mechanisms and algorithms for income generated from cryptocurrencies. Therewith, Ukraine is at the forefront of the world's cryptocurrency holders in terms of the number of countries with the highest number of cryptocurrency holders (Podtserkovnyi *et al.*, 2020).

The legal phenomenon of digital currency has been studied by various scholars over the past few years. O. Oliynyk and Ia. Krupko (2021) focus on the theoretical aspects of the issue under study and define cryptocurrency as a digital asset that belongs to a specific category of currency that can perform the tasks of exchange instruments and is a unit of account. In turn, S. Yermak and M. Sataniyevska (2020) consider ways of legal regulation of cryptocurrency income through the lens of foreign practices of countries that are particularly successful in this area. They analyse the approaches used by the United States, Canada, Japan, and China, and classify them according to various criteria. Cryptocurrencies were also studied by M. Filon and Ye. Borsuk (2021),

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specifically, analysed their legal nature and the rules that regulate it. The authors investigated the procedure for the development and consolidation of virtual assets, and most importantly, tried to establish their economic essence. V. Ivaniuk and S. Banakh (2020) established the essence of electronic money, namely the specific features of conducting transactions with it, and considered the differences from those financial transactions based on the use of conventional types of currencies. N. Turchyn and A. Turchyn (2021) compared cryptocurrency with cash financial resources. Moreover, the authors tried to classify diverse types of cryptocurrencies depending on their digital and financial properties.

However, when analysing the conclusions reached by the above scholars, it should be noted that they do not provide a clear understanding of the cryptocurrency category in the tax context. There are no qualitative results to explain the process of taxation of cryptocurrency income and various cryptocurrency transactions. For this reason, the purpose of this study was to identify priority ways to legalise the income received by citizens from cryptocurrency speculation according to the current tax legislation of Ukraine. For this, several important tasks were performed in the study, namely: the essence of the concept of cryptocurrency was established; the properties of the income received from it were considered; modern approaches to the legalisation of virtual assets in Ukraine were identified; the tax regulations governing digital assets were investigated; the study identified the existing ways of legitimate regulation by the state of the income received by citizens from cryptocurrency transactions.

Materials and methods

A functional methodological approach was used to organise the study, namely the development of its plan, purpose, and goals. A dialectical approach was used to develop the internal structure, specifically the content of this paper. Its essence in the context of this study was to determine the direction of research from the general to the particular. The dialectical approach helped to analyse the subject under study from both a theoretical and practical standpoint. For this reason, the main concepts and structural elements were first explored, and then the views on them were specified following certain regulations.

Based on the method of analysis, the study investigated the tax legislation of Ukraine and analysed its content in the context of regulating the legalisation of income received from cryptocurrencies. Specifically, the Tax Code of Ukraine (2010), Law of Ukraine “On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceedings, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction” (2020), Law of Ukraine “On Prevention of Corruption” (2014), Individual tax consultation of the State Tax Service of Ukraine “On Taxation of Income from the Sale of Cryptocurrency” (2020), and Draft Law of Ukraine “On Virtual Assets” (2020). The synthesis method formed the basis for the discussion of the findings obtained in the study. It helped to find the common and distinctive features of the opinions of other scholars on the issue under study. The comparison method was used to find effective ways to legalise income from cryptocurrencies. Based on this method, different approaches to this issue, as well as the positions of researchers, were compared and analysed. In this way, the study found the most successful and promising approaches that follow the current tax legislation.

Since the subject is related to the legal sphere, the study explored special legal terms and regulatory documents, which was implemented using the formal legal method. To examine all the necessary aspects and achieve the goals, the study was divided into three separate stages. The first stage defined elements such as the plan, purpose, and goals. A general theoretical analysis of the object of study and its key features and characteristics was also started. The second stage analysed the provisions of Ukrainian tax legislation that set out the specific features of legalising cryptocurrency income. Furthermore, the findings were discussed and compared with the opinions of other authors. The third stage reviewed the research materials and drew concise conclusions on their basis.

Results

Due to the widespread and dynamic spread of digital technologies and mechanisms, dramatic changes in the functioning of society are taking place, which are reflected in their underlying principles. In this context, this refers directly to virtual assets, which are increasingly being integrated into the everyday life of citizens. Furthermore, such payment instruments are beginning to successfully replace established payment methods, including cash payments. When analysing the issue of ways to legalise the proceeds of cryptocurrency speculation, it is imperative to consider both practical and theoretical principles. This makes it possible to explore the structural elements of the cryptocurrency category, which in turn is the subject of this study. Therefore, the essence of the concept under study can be defined as separate, mathematically based and developed peer-to-peer digital currencies that contain a special source code, but do not contain a central administrator. However, one of the most defining properties of cryptocurrencies is the lack of mechanised control or monitoring (Matviienko & Kotenko, 2020).

Focusing on the characteristics of virtual currency, as well as the income received from it, it is worth noting that they are completely atypical and have several features unlike other means of payment. This is because cryptocurrencies do not need to be recognised by the state to be used. Therewith, despite the specific features of virtual currencies, most countries are already ready to use them. This statement is based on the experience of using electronic assets that underpin the regulation and development of the state economy. Furthermore, the readiness of states to attract cryptocurrencies is also reflected in the ways in which basic payments between countries and banks are made electronically (Wu *et al.*, 2021).

Proceeding from this, at this stage of human existence, cryptocurrencies are already a full-fledged and effective form of payment that can be exchanged for conventional currency, and as a result, various goods, and services, including those necessary for the daily life of citizens, can be purchased. The priority and prospects of cryptocurrency transactions are also reflected in the fact that largest companies have already developed and issued their own cryptocurrency, which is directly used to pay for assorted services or goods sold by this corporation. This suggests that virtual assets are the basis for the future economic development of such facilities, as well as their scaling. However, cryptocurrency is an effective tool not only in terms of its use by legal entities and their expansion, but also by ordinary citizens, i.e., individuals. This fact is confirmed by the developed range of opportunities that such entities are granted when conducting transactions

with digital assets. For example, unlike stocks, a person can buy cryptocurrency on their own, without involving third parties, including brokers. As for the withdrawal of earned income, this process is also no less easy and unconditional, which naturally increases the efficiency of the use of this form of assets by citizens. Therewith, special attention should be paid to the legalisation of such income, namely its taxation. This issue is indeed extremely controversial and complex today, as it causes many contradictions between the opinions of both practitioners and theorists on its solution. This is explained by the fact that Ukraine still does not have a comprehensive set of regulations that would fully regulate cryptocurrency transactions and the algorithm for taxation of income derived from them.

Attempts to regulate such transactions were made as early as 2014. At the time, legislators tried to develop regulations that not only prescribed the existence of cryptocurrencies, but also covered transactions with the income generated from them. However, such attempts were unsuccessful due to several factors. First of all, the lack of support from the public, since at that time cryptocurrencies were not particularly relevant and promising among ordinary citizens. Secondly, the proposed mechanisms did not provide an opportunity to qualitatively describe and consolidate the rules and a single algorithm for legalising cryptocurrencies. As a result, despite the passage of a considerable amount of time since the first attempts of legislators to consolidate the legal status of cryptocurrencies in Ukraine at the legislative level, it is still uncertain. Analysing this situation on the one hand, one can focus on the fact that the absence of high-quality tax legislation relating to virtual assets has not become an obstacle to their dynamic development and consolidation in society. This raises the question of the actual need to legalise cryptocurrencies. The answer to this question can be given by looking at it from another angle, which is the number of users of virtual assets and their capital. Now, Ukraine is at the forefront of the international arena in terms of the number and volume of cryptocurrencies held by its citizens. This factor proves the urgent need for prompt and high-quality solutions to problems related to income generated by cryptocurrencies.

Proceeding to the current regulatory framework, which partially regulates virtual assets and transactions with them, it is mostly outdated and needs to be amended. Thus, as for the current laws, attention should be focused on the Law of Ukraine “On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceedings, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction” (2020) and the Law of Ukraine “On Prevention of Corruption” (2014). The value of the former of the above regulations, in the context of cryptocurrency legalisation, is revealed in the consolidation of the term “virtual assets” (Law of Ukraine No. 361-IX..., 2020). This is because this document not only describes its essential content, but also lists the properties that are also inherent in cryptocurrencies. Thus, citizens can partially define the scope of the term “cryptocurrency” and understand its general features. As for the next law, unlike the previous one, its content touches on monitoring of cryptocurrencies, which is expressed in the obligation to declare cryptocurrencies to citizens in a special anti-corruption declaration (Law of Ukraine No. 1700-VII..., 2014). Notably, this law is currently the only effective legislative document that explicitly makes provision for the use of the cryptocurrency category but does not cover its content.

Particular attention should be paid to the provisions of the Tax Code of Ukraine (2010), as it should underlie the possibility of citizens to legalise their income from cryptocurrency transactions. In this regulation, it is expressed through such a process as taxation. It lies in the taxpayer's obligation to complete and submit tax returns relating to each individual tax to which the person is subject. Furthermore, taxation must be carried out for each statutory reporting period according to which taxable objects are formed. Such a tax return must be filed by 1 May of the year following the reporting year. As for the general rule provided by the tax legislation, a taxpayer receiving income from a person who is not a tax agent and foreign income must include the particular amount of the received assets in their total annual taxable income. This process should be combined with the prompt filing of a tax return based on the data of the reporting tax year and payment of tax in a certain amount on a part of the income received.

It is also worth paying attention to another individual tax consultation, which explains in more depth and detail the positions of the current tax legislation on the legalisation of taxpayers' income derived from the sale of cryptocurrencies. In this context, the study analysed Individual tax consultation of the State Tax Service of Ukraine “On Taxation of Income from the Sale of Cryptocurrency” (2020), which is an explanation of the specific features of the procedure for taxation of income received by a taxpayer from the sale of cryptocurrency and its mandatory fixation in a certain amount and equivalent in the person's declaration of property and income. Therefore, its provisions establish that the above-mentioned income of an individual, who is a resident, as a result of the sale of cryptocurrency to another individual resident, should be considered and reflected in the total monthly or annual taxable income, in the form of other income with certain taxation features. However, special attention in this consultation is paid to the fact that if the income earned is paid to the taxpayer by a non-resident individual, it is characterised as foreign. As a result, such income is subject to the corresponding personal income tax and military tax under the general rules.

To legalise income to persons who received it as a result of payment by other persons who are not tax agents, as well as foreign income, it is mandatory to reflect and consider the amount of the listed income. It must be added to the total annual taxable income and reported in the tax return for the tax year under review. This process is possible only if a person pays tax on their income, as well as the military duty on such income. Proceeding from the comparative analysis, the regulator does not distinguish between the process of legalisation of income received as a result of “mining” from the sale of cryptocurrencies to other individuals and the income received from exchange rate differences, which underlies the activities of participants in various cryptocurrency exchanges.

The draft laws that prescribe the regulation of income earned by citizens from cryptocurrency transactions are of high priority. For instance, Draft Law “On Virtual Assets” (2020) was adopted, which aims to define and form a legal basis for the quality work of persons in digital currency markets. Furthermore, it is also promising in that it will be able to use the recommendations of the Financial Action Task Force on Money Laundering (FATF) to ensure high-quality financial control over the cryptocurrency and other assets market. In the context of legalising the proceeds

of cryptocurrency transactions, it will be possible to establish a clear system of professional service providers of digital assets, as well as their registration and use. Moreover, it is necessary to emphasise the need to amend the Tax Code of Ukraine and other regulations to enable more efficient and prompt taxation of income of virtual asset market participants. For example, by reducing the value added tax or lowering the tax rate on income received from a person's activities in the digital currency market.

It is also worth considering the legal status of cryptocurrencies in other countries of the world in order to better understand this topic. In particular, the United Kingdom is a leader in cryptocurrency integration and one of the most favourable and comfortable jurisdictions for running a cryptocurrency business. In addition, the state provides support to startups related to digital currency. However, the government's final position on the legal regulation of digital money-related activities has not yet been finalised. At the same time, the government intends to regulate cryptocurrency relations, firstly, to prevent the criminal use of digital currencies for money laundering, terrorist financing and other illegal activities and, secondly, to support innovations in this area. In general, cryptocurrencies are actively used in various fields in this country, but they are not recognised as a legal payment method (Chernykh, 2023).

In US law, cryptocurrencies are not recognised as legal tender and are regulated at the state level, depending on federal law. Even in the absence of a consistent legal approach at the state level, the US continues to work on developing federal legislation on cryptocurrencies. The Financial Crimes Enforcement Network (FinCEN) does not recognise cryptocurrencies as legal tender, but considers crypto exchanges to be a means of money transmission, as cryptocurrency tokens are considered "other value that changes currency". The Internal Revenue Service (IRS) also does not recognise cryptocurrencies as legal tender, but considers them to be "a digital representation of value that functions as a medium of exchange, unit of account, and/or store of value". These approaches are defined according to their respective functions (Poynton, 2022).

Cryptocurrency exchanges are legal in the US and fall under the Bank Secrecy Act (BSA). This means that cryptocurrency exchange service providers must register with FinCEN, comply with AML/CFT (Anti-Money Laundering/Combating the Financing of Terrorism) programmes, maintain relevant records, and submit reports to the government. The US Securities and Exchange Commission (SEC) considers cryptocurrencies to be securities and applies the relevant laws to them. The Commodity Futures Trading Commission (CFTC), on the other hand, treats bitcoin as a commodity, allowing trading in cryptocurrency derivatives.

In response to the June 2019 recommendations of the Financial Action Task Force (FATF), FinCEN noted that it expects crypto exchanges to comply with the "Travel Rule" and collect and share information about the initiators and beneficiaries of cryptocurrency transactions. This puts virtual currency exchanges in the same regulatory category as traditional money transfers and requires compliance with all regulations, including the Bank Secrecy Act, which has established its own "Travel Rule". In October 2020, FinCEN issued a notice of proposed rulemaking (NPRM) on amendments to the Travel Rule, indicating its intention to introduce new compliance requirements for cryptocurrency exchanges.

The Department of Justice continues to coordinate with the SEC and CFTC for future cryptocurrency legislation to ensure effective user protection and regulatory oversight. In 2021, the US government actively studied stablecoins, aiming to reduce the risk of token price appreciation. In the same year, the President's Task Force on Financial Markets issued recommendations that expressed the need for new legislation. Congress also discussed the status of cryptocurrency services in 2021, including new rules included in the Infrastructure Bill (Poynton, 2022).

Cryptocurrencies are legal in Germany, but they are not considered legal tender or currency. Instead, they are classified as financial instruments or assets subject to securities and investment regulations and laws. Germany has taken a proactive approach to cryptocurrency regulation, passing a law in 2020 that requires licensing for all cryptocurrency exchanges operating in the country. Regulation is entrusted to the Federal Financial Supervisory Authority (BaFin), which also sets rules for custodians of cryptocurrencies and supervises the activities of market entities (Wellbrok, 2021).

Taxation of cryptocurrencies in Germany is complex and depends on the holding period of the assets. Profits from mining are subject to income tax, and the use of cryptocurrencies to purchase goods or services may be subject to VAT. In addition, there are limits on tax exemptions for small amounts and income from bets or loans. In the context of combating money laundering, Germany has strict rules that oblige service providers and exchanges to use measures such as KYC procedures and transaction monitoring. These entities must also meet the requirements of the Fifth EU Anti-Money Laundering Directive (5AMLD) and report suspicious transactions.

Regarding cryptocurrency trading in Germany, BaFin regulates exchanges such as eToro, Bitpanda, Kraken, Binance, Justrade and Coinbase. These platforms offer various trading options and are subject to licensing, KYC and AML compliance. All cryptocurrency transactions must be reported in the annual tax returns of German tax residents, and failure to do so may result in fines. In addition, exchanges and service providers are required to report any suspicious activity to the FIU (Wellbrok, 2021).

In early May 2022, a major development occurred in the regulation of cryptocurrencies in France, when Binance, a major player in the field of cryptocurrencies, received registration as a digital asset service provider (DASP). This registration gives Binance the right to operate its cryptocurrency exchange within France. Thus, France became the first major European country to issue regulatory approval to a cryptocurrency exchange. Binance is now listed as a registered digital asset provider by the French Stock Market (AMF), allowing it to provide trading and storage services for Bitcoin, Ether and other cryptocurrencies (Kuzhelko, 2022).

In 2014, Polish authorities rejected the recognition of bitcoin as a currency, but stated that contracts based on its underlying index are full-fledged financial instruments subject to general rules. Cryptocurrencies, although they have not received official status, are not considered fiat money, but are legal to trade in the country. Mining, as well as the purchase and sale of cryptocurrencies, are recognized as permitted activities (Mincewicz, 2021). Since November 2021, the circulation of virtual assets has become an object of regulation in Poland. Companies carrying out this activity must be registered in a separate registry of cryptocurrency

enterprises and obtain an appropriate license. Registration of entrepreneurs is carried out in accordance with the requirements established by Polish legislation. Thus, thanks to the popularity of virtual currencies and the availability of Bitcoin ATMs, Poland has become a country where cryptocurrency business, such as mining, selling and buying cryptocurrency assets, is regulated and controlled by national authorities (Mincewicz, 2021).

In general, it can be concluded that different countries of the world have different points of view on the legal status of cryptocurrencies, and these countries have different approaches to the introduction of virtual funds in society.

Discussion

First of all, it is necessary to discuss the attitudes and understanding of scientists about the benefits of virtual assets, as this way it is possible to cover their goals and purpose. Y. Liu and A. Tsyvinski (2021) emphasise that cryptocurrency allows a person not only to use it as a means of payment, but also to mine it independently, admittedly, subject to the necessary capital conditions. In this case, it is worth agreeing with this position, but it can also be added that to implement the above process, a person needs to create an electronic wallet and have a device connected to the Internet to buy and sell digital currency.

It is appropriate to agree with F. Fang *et al.* (2022) that digital assets have an isolated, autonomous nature. The study argues that there is currently no specialised institution in Ukraine that would supervise and monitor the assets and transactions of citizens related to cryptocurrencies. This type of currency is not interdependent on third parties, which also expands the possibilities of their holders, e.g., to conduct digital financial transactions without intermediaries and supplementary conditions. A comparable opinion was expressed by C. Alexander and M. Dakos (2020) in the context of the security of data and materials of cryptocurrency owners. It is worth agreeing that virtual assets are indeed among the safest assets on the planet. In the study, the researchers emphasise that the exclusion of the possibility of copying or destroying the coins of the digital currency owner is ensured by the nature of the cryptocurrency, namely its construction based on blockchain technologies and its successful decentralisation. Thus, the loss of all digital assets can only be achieved if all users are simultaneously disconnected, which is impossible, and thus makes it impossible to completely destroy the cryptocurrency.

By identifying common and distinctive features among these statements, while comparing them with the findings of this study, it is possible to summarise them and characterise them through the lens of two features, namely anonymity and internationality. Therewith, these factors are both advantages and disadvantages of digital currency. The anonymity of the cryptocurrency is analysed by R. Guerraoui *et al.* (2019), exploring this property in the context of algorithms for using cryptography technologies and decentralised registries. This opinion is reasonable, as these mechanisms make it much more difficult and, to some extent, impossible to monitor or verify data on cryptocurrency owners and the amount of their income. Proceeding from this, the authors agree that this property of virtual assets in this context is an advantage for its owners, since their transactions and other operations are not available to others. However, a contradictory opinion is expressed by L. Ante *et al.* (2021), who argue that

a person's transactions with cryptocurrency cannot be described as completely anonymous. The authors provide an example of one of the most common methods of user verification among cryptocurrency exchanges, namely "know your customer", which requires the identification of personal data, and as a result, monitoring is still partially carried out.

As for such a criterion as transnationality, again, there is a debate and controversy about it. From one perspective, this property allows the owners of virtual assets to freely use them, as well as to carry out other transactions, subject to a single condition, namely access to the Internet. However, D. Vidal-Tomas (2021) proves the opposite, namely that due to the transnationality of digital currency, the borders between states and their legal norms disappear, and as a result, international currency-related illegal activities can be carried out and secured. As for the positions on the taxation and legalisation of cryptocurrencies, namely the income received by citizens from cryptocurrency transactions, opinions and views also differ in this case. This is mainly caused by the fact that scientists rely on the successful practices of foreign countries, whose approaches differ significantly. For instance, H.-P. Cheng and K.-C. Yen (2020) advocate ways to legalise the proceeds of cryptocurrencies used in Japan. The authors believe that cryptocurrencies should first be legalised legislatively, specifically by issuing special laws and other regulations, and thus recognised as a full-fledged means of payment. This opinion is admittedly reasonable, since due to granting legal status to cryptocurrencies in the country, the income received from transactions with them also becomes legal. However, to implement this approach in Ukraine, large-scale changes to the current legislation, including tax legislation, would have to be made, which would take a long time.

J. Kwapien *et al.* (2021) substantiate that such cryptocurrency activities pose an extreme danger to state financial stability. Therewith, the authors emphasise that cryptocurrencies, namely the income received from their operations, are currently the subject of criminal activity. For this reason, F. Colon *et al.* (2021) believe that cryptocurrencies do not need to be legalised, and therefore, the income from cryptocurrency transactions should not be legalised either. However, it is impossible to agree with this statement, as it is not acceptable for the development of society in terms of digitalisation and active production of virtual assets. In fact, the potential threat and danger described by the authors can be eliminated by developing a special supervisory body. This idea is supported and developed in the study by A. Chernenko (2020), as it is based on the US experience. The author believes that to effectively and safely legalise citizens' income derived from cryptocurrency transactions, a clear system of their taxation should be developed, specifically, through the declaration of such income. This will make it possible to legalise cryptocurrency circulation, while consolidating the provisions necessary for legal regulation of cryptocurrency income of persons, including taxpayers.

Proceeding from the above statements and opinions, the issues related to cryptocurrency and its regulation in Ukraine are still unresolved. This is conditioned by the lack of both a quality regulatory framework and public interest in addressing the issue. Nevertheless, the available results of the researchers are quite promising, which shows the possibility of further successful legal development of this area in Ukraine. The author of this study believes that the choice of approach and method of legalisation of a person's income

derived from cryptocurrency transactions should be based on factors and conditions relevant to society. Only in this way will it be possible to make the right choice that will meet both the private interests of citizens and those related to the economic and legal development of the state.

Conclusions

The study of ways to legalise the income of citizens received as a result of cryptocurrency transactions is a necessary link in the modern legal doctrine. This is because this aspect is still not regulated by law, which negatively affects the economic development of the state. In this context, the legislator needs to define the legal status of cryptocurrencies in general, as well as income from them. Therewith, this paper examined the current regulatory documents that directly or indirectly govern the field of virtual assets. However, the study found that the existing approaches and opinions prescribed in tax legislation are unable to cover all social relations, including property relations, arising between citizens. The examined provisions of the Tax Code of Ukraine are only partially capable of regulating the taxation of income from cryptocurrency transactions. Notably, the positions of other authors considered during the discussion are quite promising for Ukrainian legislation. This is because they are

based on international experience, which makes it possible to immediately analyse both their positive and negative features directly for Ukrainian society.

The approaches of the United States and Canada can be considered the most rational, as they allow cryptocurrency users to have some independence, while limiting it to the activities of special authorised bodies. In Ukraine, it would be advisable to form such a body within the structure of tax authorities and institutions, as this would accelerate the process of taxation of income generated from cryptocurrencies. The legalisation of citizens' income received from cryptocurrency transactions is a necessary process for the country's economic development, as well as the approval of the legal status of virtual assets. This is why further research is needed to establish the most suitable and secure way for citizens to retain their independence in the use of cryptocurrencies, while allowing the state to monitor such activities and intervene if they violate the law.

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Conflict of interest

None.

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Способи легалізації доходів, отриманих від спекуляцій криптовалютами, з урахуванням особливостей податкового законодавства

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Анотація. У правових колах, як серед теоретиків, так і практиків, особливо гостро постало питання щодо легалізації криптовалют, а також операцій з ними відповідно до норм чинного законодавства. Саме через це мета роботи полягає у вивченні підходів та способів до процесу легалізації доходів, отриманих від спекуляцій криптовалютами, на основі норм податкового законодавства України. Для її успішного досягнення та здобуття ефективних результатів застосовано функціональний і діалектичний методологічні підходи, а також методи наукового дослідження, зокрема аналізу і синтезу, порівняння, формально-юридичний. Здійснено теоретичний аналіз понять, які формують об'єкт цієї наукової роботи. Визначено їхні спільні та відмінні риси, за рахунок чого встановлено зв'язок і залежність між ними. Що стосується практичних аспектів, то вони розкриваються у дослідженні під час аналізу конкретних правових актів, зокрема особливостей їх реалізації. Зіставлено позиції і думки різних учених щодо досліджуваної теми, за рахунок чого було якісно розкрито можливі способи легалізації доходів, які громадяни отримують від спекуляцій криптовалютами. На основі проаналізованих наукових публікацій визначено найуспішніший та найбільш прийнятний для запровадження в Україні досвід інших держав, зокрема США та Канади. Доведено, що легалізація доходів громадян, отриманих від транзакцій з криптовалютою, – це необхідний процес для економічного розвитку держави. Практична цінність дослідження полягає в тому, що його можуть використати як науковці як першоджерело для подальшого вивчення порушеного питання, так і юристи, діяльність яких пов'язана з криптовалютами. Наукова цінність цієї роботи розкривається в описі ефективних підходів щодо операцій з доходами, отриманих від криптовалют, які досі не досліджені на необхідному рівні

Ключові слова: цифрова економіка; блокчейн-технології; електронні гроші; цифрові валюти; фінансові активи