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FREE GUIDE · GAINS, SWAPS, LOSSES

Crypto & Investment Taxes

How Canadian tax treats the things you buy and sell, with the jargon left out and the arithmetic left to the calculators.

The ledger outlives the trade. Exchanges keep records, brokers issue slips, and a blockchain is permanent by design, so the story of your trading year gets written whether or not you write it. Here is the good news hiding in that: the trades which went badly are worth money at tax time — but only the ones you can prove.

Five moments that create a tax event — four cost you, one does not	
1	**You sell for dollars.** The obvious one. Take what you received, subtract what you paid and the fees, and the difference is that year's gain or loss — whether or not the cash ever reaches your bank account.
2	**You swap one coin for another.** Trading token A for token B is a sale of A at its value that day, even though no dollars moved. This single rule sits behind most of the shocks that arrive in April.
3	**You spend it.** Buying a laptop or a coffee with crypto disposes of the crypto, and the price tag becomes your proceeds. Small, forgettable, still reportable.
4	**You get paid in it.** Invoices, wages, staking or mining rewards taken in coin count when they arrive, valued in Canadian dollars that day — and that same value becomes your cost for the eventual sale.
5	**You move coins between your own wallets.** Here is the exception. Shifting your own property from one wallet to another is not a sale. Network fees still belong in your records, so log the move instead of dreading it.

Inclusion portions, thresholds and tax rates are set by legislation and changed by governments, so this guide explains mechanisms and leaves the numbers to live sources — verify at canada.ca, and let the free capital gains tax calculator at taxfilings.ca/tools do the sums with today's figures.

01 Investor or trader? Settle this before anything else

Two people can make an identical trade and owe different tax. If your activity looks like investing, profits are capital gains and only part of each gain is taxed. If it looks like a business, the whole profit is business income and losses come off other income. You do not pick the label. Your pattern of behaviour picks it, and the pattern gets read in hindsight.

Reads as investing

Few transactions, held for months or years, bought because you believed in the asset, funded from savings, nothing advertised, no trading systems, and the profits are not what pays your rent.

Reads as a business

High volume, quick exits, dashboards and bots, borrowed money, deep market knowledge, the whole thing organised the way a shop is organised, and the income supports you.

THE HALF-AND-HALF PROBLEM

Treating winners as capital gains and losers as business losses is the pattern that draws the sharpest questions, because it can only ever favour you. Choose the treatment your facts support, apply it to every disposition in the year, and write down your reasoning while you still remember it. If your case genuinely sits in the middle, that is a one-hour professional question rather than a coin toss.

02 How a capital gain is actually taxed

Work one disposition at a time: what you received, minus what the property cost you, minus the fees to buy and to sell. That is the gain. Only a portion of it is added to your income — historically half — and that portion is then taxed at your normal rate, exactly like a dollar of salary. Because the portion is set by legislation and has been the subject of proposed changes, confirm the current inclusion before you plan, or let the capital gains tax calculator at taxfilings.ca/tools apply today's version to your own numbers.

TIMING IS THE LEVER YOU OWN

A gain belongs to the year you dispose of the asset, so the last business day of December and the first week of January sit in different tax years and possibly different tax brackets. If this year's income is unusually high, or unusually low, that gap is worth planning around. Decide before you click sell; afterwards there is nothing left to decide.

03 Myth versus fact

MYTH	FACT
"Crypto is untraceable, so it is untaxed."	Canadian exchanges report, banks report the cash moving in and out, and the chain itself is a permanent public record. Tax treatment never depended on how visible you felt.
"I never cashed out to dollars, so there is nothing to report."	Swapping, spending and being paid in crypto are all dispositions. Dollars arriving in your bank are a consequence, not the trigger.
"A loss is just a loss."	A capital loss shelters capital gains — back three years, or forward with no expiry date. Unclaimed losses are the most commonly abandoned asset on a Canadian return.

04 Your cost is the number nobody else is tracking

Sell securities and your broker files a T5008. It reliably shows what left your account and what you received for it. What it often cannot show is what the property cost you, and that half of the equation is yours to prove. Crypto usually arrives with no slip at all, just an export whose format changes every year. So keep your own running record, one row per disposition.

- [ ] Date and time of every buy and sell, in a timezone you use consistently
- [ ] Both sides of the trade — what you gave and what you got, coin-for-coin swaps included
- [ ] The Canadian dollar value at the moment of the trade, plus the name of the rate source you used
- [ ] Every fee: commissions, network charges and spreads all adjust either your cost or your proceeds
- [ ] Identical holdings averaged into one cost, so selling part of a position carries a proportional share of it
- [ ] Records kept six years after the filing they support, exported yearly, because platforms close and take your history with them (confirm current record-keeping rules at canada.ca)

Do this tonight: export a full transaction history from every exchange, wallet and brokerage while you can still log in. Save the raw files untouched, then work on copies.

05 Every swap is a sale, and four cousins of that rule

Coin for coin

One click, two events: you dispose of A at its dollar value, then buy B at that same value. The gain on A belongs to this year even though your dollars never left the exchange.

Paying with crypto

Spending coin on goods, services or gift cards disposes of it at the value of whatever you bought. Keep the receipt — it is usually the only proof you have of the proceeds.

Rewards, staking and airdrops

Coins arriving as a reward are generally income when received, valued that day, and that value becomes the cost base for the eventual sale. Elaborate arrangements vary a great deal, so ask rather than assume.

Lost keys, failed platforms, dead tokens

There may be a real claim here, and the rules are technical and specific to your facts. Gather dates, balances and correspondence now, then get advice before claiming anything.

Gifts and transfers to family

Giving property away is usually treated as disposing of it at that day's value, even with no money changing hands. Moving assets between your own accounts is not.

> THE RECONCILIATION TRAP
>
> Exchange dashboards are built to show performance, not taxable dispositions, and they rarely convert to Canadian dollars the way a return requires. A tidy annual profit figure from an app is a starting point for the work, never a filing position.

06 The 30-day trap, and the losses worth keeping

Sell at a loss, buy the same thing straight back, and the rules can deny the loss. The superficial loss rule looks at a window around the sale — roughly 30 days on either side — and asks whether you, your spouse or a company you control still hold the identical property at the end of it. If so, the loss is not destroyed, but it is not yours this year either: it attaches to the new holding instead. Confirm the current wording of that window at canada.ca before you plan around it.

> WHAT A CLEAN LOSS IS WORTH
>
> A capital loss cancels capital gains. Use it this year, carry it back up to three earlier years to recover tax you already paid, or carry it forward with no deadline at all. Your notice of assessment shows the unused balance the CRA is holding for you. Look yours up, then decide with tax planning help whether anything is worth selling before year end.

07 The seven-line reality check

Seven questions. Add up the YES answers.

1. I know whether my activity is investing or a business, and I could explain why.	YES / NO
2. I hold a full transaction history from every exchange, wallet and broker I used.	YES / NO
3. I treat coin-for-coin swaps as sales.	YES / NO
4. I can show what each holding cost me, not only what I sold it for.	YES / NO
5. My values are in Canadian dollars, from a rate source I could name.	YES / NO
6. I know the unused capital loss balance on my notice of assessment.	YES / NO
7. I check the repurchase window before buying back something I sold at a loss.	YES / NO

6–7 · Green
Your records would hold up under review. Revisit each November for loss planning.

3–5 · Yellow
The gaps are nearly always cost base and swaps. Rebuild those two and most of the risk leaves.

0–2 · Red
Do not file from an app summary. Reconstruct the year first — that costs less than an assessment built on proceeds alone.

08 Your four-week reconstruction

Week 1
Export every history you can reach: exchanges, wallets, brokers. Keep the raw files unedited.

Week 2
Convert each transaction to Canadian dollars and add the fees. One row per disposition, swaps included.

Week 3
Build the cost base per holding, averaging identical property. Flag every row you cannot support.

Week 4
Total it through the capital gains tax calculator at taxfilings.ca/tools, then review the flagged rows with a professional before filing.

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Institute of Chartered Accountants of India — Member No. 521458 | Malaysian Institute of Accountants — Member No. 44667, C.A.(M) | CPA Canada In-Depth: Tax Program 19 Dec 2023, GST/HST Part I 12 Jul 2022, Part II 5 Jul 2023

Editorial policy. Every guide is researched against primary sources — the Income Tax Act, CRA publications and CPA Canada materials — fact-checked by Udit Gupta, and updated when the rules change.

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