

Document Masterclass

World First – The Crypto Trust

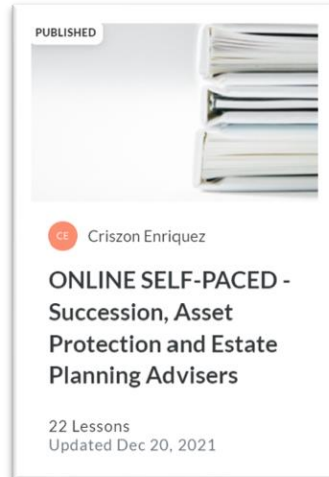
Learning is Earning



Grant Abbott

1.02K subscribers • 260 videos

Grant Abbott has trained and presented to more than 40000 accountants, financial planners, lawyers and trustees of SMSFs



Great year end offers now –
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- Moving away from single purpose webinars – there are over 260 on my YouTube Channel – so subscribe and access quality content for free including this Crypto Trust presentation
- Each course that we provide will be learning with me directly including detailed course notes, resources, case studies, CPD and how to engage clients plus what to charge
- The three-day Succession, Asset Protection and Estate Planning Course is your ticket to a \$6 trillion industry and the next “Live On-Line” event is 15 – 17 August 2022. If you register now, you will get all materials and videos from the last three-day course so you will be all guns firing by August!!!
- Three-day specialist SMSF Adviser course is available self paced study and will next be on in October
- *Upcoming is a two day “Mastering Trusts” event doing a deep dive on all things trusts – including hybrids, testamentary, lifetime, leading member, family protection, offshore and much more*
- *Two day “Advanced Estate Planning” – we will review advanced cases that have come through Abbott & Mourly Lawyers and how to fight family provisions claims, tricks, traps and our best go-to strategies*

Crypto is here to stay – so build the right structure or perish!!

- Bitcoin – based on blockchain architecture started in 2009
- I changed my SMSF deed and investment strategy to allow a Trustee of a SMSF to invest in cryptocurrencies in 2012
- Crypto prices rose as it was seen as an escape from “fiat” currencies who printed after the GFC and now Covid recovery
- Well hyped as it is a global option that comes with or without anonymity – depends on whether you use a coin exchange
- Will not die as it is only one branch of the ‘bigger picture’ blockchain phenomenon
- Governments building their own digital currencies – **imagine the ATO tracking!!!**

Price History of Bitcoin



It is volatile
and
speculative

Blockchain is
rightly being
pumped –
beyond crypto

Ian King's

Strategic Fortunes

Dear Loyal Reader,

Welcome to Day 3 of your free crypto mini-course.

I hope you're now as excited as I am about the huge opportunities in the market right now.



Yesterday I showed you the little-known crypto niche that's on track to soar *at least* 70X higher by the end of the decade.

Today, I'm going to show you the four forces driving this surge, so you can see for yourself that this \$9 trillion mega trend in the making is not only a massive unstoppable trend — but the big crypto story everyone's missing.

Let's get started...

Lesson #3: The Driving Force Behind Crypto's Third Wave

But it is still unsophisticated – a growth asset

- It is essentially a capital growth play and very little chance of income
- In a sophisticated market you would be able to lend the currency for an income return which means no upside
- Options are also another way of gaining income
- Trading cryptocurrencies are popular but you have to have a good trading platform

Top Cryptocurrency Spot Exchanges

CoinMarketCap ranks and scores exchanges based on traffic, liquidity, trading volumes, and confidence in the legitimacy of trading volumes reported. [Read More](#)

[Crypto Deep Dive: What are Lockdrops?](#) | [Time to Ship: CoinMarketCap Conference Recap](#) | [Crypto Strategy](#)

☆ Watchlist | **Spot** | Derivatives | Dex | Lending

# ▲	Name	Exchange Score	Volume(24h)	Avg. Liquidity	Weekly Visits	# Markets	# Coins	Fiat Supported	Volume Graph (7d)
1	Binance	9.9	\$12,523,540,461 ▲ 106.63%	874	22,060,223	1676	395	AED, ARS, AUD and +43 more	
2	Coinbase Exchange	8.3	\$1,997,976,601 ▲ 164.72%	740	2,191,082	509	176	USD, EUR, GBP	
3	FTX	8.3	\$2,018,082,209 ▲ 147.39%	734	4,718,412	467	326	USD, EUR, GBP and +7 more	
4	Kraken	7.7	\$635,012,227 ▲ 213.71%	726	1,661,405	557	175	USD, EUR, GBP and +4 more	
5	KuCoin	7.5	\$1,518,267,246 ▲ 88.53%	592	2,554,651	1315	709	USD, AED, ARS and +45 more	

Tax treatment of cryptocurrencies in Australia - specifically bitcoin

Transacting with cryptocurrency



Cryptocurrency used in business



Record keeping for cryptocurrency

Additional information

Tax treatment of cryptocurrencies

The term cryptocurrency is generally used to describe a digital asset in which encryption techniques are used to regulate the generation of additional units and verify transactions on a blockchain. Cryptocurrency generally operates independently of a central bank, central authority or government.

The creation, trade and use of cryptocurrency is rapidly evolving. This information is our current view of the income tax implications of common transactions involving cryptocurrency. Any reference to 'cryptocurrency' in this guidance refers to Bitcoin, or other crypto or digital currencies that have similar characteristics as Bitcoin.

If you are involved in acquiring or disposing of cryptocurrency, you need to be aware of the tax consequences. These vary depending on the nature of your circumstances.

Everybody involved in acquiring or disposing of cryptocurrency needs to keep records in relation to their cryptocurrency transactions.

If you have transacted with a foreign cryptocurrency exchange you may have tax responsibilities in another country.

Find out about:

- > [Transacting with cryptocurrency](#)
- > [Cryptocurrency used in business](#)
- > [Record keeping](#)
- > [Additional information](#)
- > [Data-matching programs](#)

See also:

- > [ASIC's Money Smart website](#)²⁷ has some useful information on the risk involved in investing in cryptocurrencies
- > [SMSF investing in cryptocurrencies](#)
- > [GST and digital currency](#)



The Tax Basics

The Tax Basics

- Not seen as a currency – although central banks are building their own digital currencies
- Is it trading stock - [Crypto business guidelines](#)
- The trading stock argument will get push back from the ATO as you can book trading losses
- Interesting also that Commissioner is arguing the potential for “isolated gain or profit making” that brings profit to income
- As an asset it is covered by capital gains tax – interesting play for non-residents



Taxpayer Question

We've recently been purchasing cryptocurrency on Binance using funds from a family trust without realizing it has options to create profiles for company/trust accounts, (our current account has been verified under my name as an individual). Funds has been contributed by all the individual members (into the trust investing bank account and then onto the exchange to trade) and we've all been using this account to trade. I'm currently at a lost as to what to do and have a few questions:

- How can we now prove the crypto assests is owned by the trust? (We have bank statements from the trust investment account depositing money)
- Does this mean all profits/losses will now be carried by me as an individual as CTG because the account is verified under my name despite being used by a number of people?
- We also have a few different cold storage wallets that we have already moved coins off onto, how can we prove the trust owns these wallets? Or will this count as a CTG event?

Please help.

ATO RESPONSE

If the account was set up in your name you would generally be treated as the owner of the cryptocurrency and you will need to declare any income or capital gains. To demonstrate that someone (other than you) had beneficial ownership of the cryptocurrency that you purchased and traded, you would need to have documentation that shows the legal and beneficial ownership. This is the same whether the property in question was cryptocurrency, company shares or any other asset.

Ownership of the cryptocurrency must be clearly established by evidence and proper record keeping, including whether the account was set up initially in your name or the family trust. Evidence may include:

- account statements from the platform
- the initial registration or application form for the account set up
- terms and conditions of the platform
- payment records
- relevant bank transactions.

Other evidence that might help are things like:

- the terms of the trust deed
- trust resolutions
- minutes of meetings of the trustee
- how the cryptocurrency has been treated in the relevant books of account
- other accounting records such as journal entries and ledger accounts.

Given the electronic nature of cryptocurrencies, you have to make sure that there is a clear separation between the trust's assets and those of the trustees or beneficiaries.

Why a discretionary trust for Crypto?

- **Family tax benefits:** Net income can be distributed to a range of beneficiaries and an election for a Family Trust then family and entities associated including bucket companies
- **Asset protection** where the Trustee holds the assets of the Trust for the beneficiaries but they have no right to the asset
- **Estate planning** – great pass on mechanism so next generation can become the current generation

Available at Abbott
& Mourly Lawyers
now – bit of data
capture and work –
coming to LightYear
soon



CRYPTO DISCRETIONARY TRUST DEED

THE SMITH FAMILY CRYPTO TRUST

If you need legal help

- The provision of strategic and digital advice is our specialty – for something more detailed or complex come to Abbott & Mourly Lawyers
- Abbott & Mourly can provide sign off on any LightYear documents with a legal letter of advice if you are concerned
- Download the Abbott & Mourly app and send your query or document in or you can do inside the document



 This app is available for all of your devices



Advisors

Australia's Leading Legal SMSF Advisory.

Access the Abbott & Mourly team around the clock via chat.

High-Net-Worth Individuals and Family Offices.

AM
Abbott & Mourly
Good Morning, Mark

Grant Abbott
Advisor

Of course, I'll schedule app now. How afternoon at 4

That's a partner's meeting.

Ok sounds great, can you please also upload your documents to our secure storage within the chat. Chat with you this afternoon.

Send message...

Installed

Instantly c
with your l

The Crypto Trust – not an ordinary trust!

- **Crypto and Digital Custodian Trustee (CDCT):** Many offshore exchanges do not recognise trusts. The CDCT enables a person to transact on behalf of the Trustee but in their name
- **Declaration of CDCT:** This is created to enable the CDCT to transact on behalf of the Trust and is based on our declaration of trust
- **Crypto and Digital Manager:** may be appointed to set in place the investing framework for the Trustee including the appointment of the CDCT
- **Choice of distribution** – net income/accounting income/crypto gains/capital distributions

The Crypto Trust – the only option

- **CT Appointors:** Crypto Trust Appointors have a line of succession at least three deep in case something happens
- **Crypto Wallet and Vault:** details held by CD Manager and Trustee plus CT Appointor
- **Lineal Beneficiaries:** Beneficiaries are limited to bloodline lineal descendants of the CT Appointor – past, present and future
- **Perpetual Trust** – set up so that it does not get caught by the rule against perpetuities enabling efficient estate planning for long term hold and also splitting to second and third generations