



NFT and DeFi tax guide: the events that catch people out

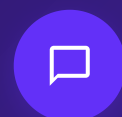
A quick reference for the two areas where crypto tax gets genuinely hard.

NFTs are taxed as property, buying one with crypto is a disposal of that crypto, and DeFi can fire dozens of taxable events across swaps, liquidity, lending and yield. This guide is the essentials, not the fine print; treatment varies by country and is still settling. Download the PDF.

CryptaTax

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General information, not tax advice



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NFTs: three tax stories in one token

NFTs are taxed as property in most countries, so the same token can mean different things depending on which side of a trade you are on. Keep the three roles separate, because they are taxed on different tracks.

Buying and selling as an investor

Selling or swapping an NFT is a **capital gain or loss**, proceeds minus your cost basis (purchase price plus gas and fees). The wrinkle most people miss is the buy side: **buying an NFT with crypto is a disposal of that crypto**, so you can owe tax on the coins you spent even before the NFT itself does anything. A single flip is really two tax events stacked together.

Creating, minting and royalties

Creators who earn from minting, primary sales or **royalties** generally have **ordinary income**, valued each time a payment is received, and that value also becomes the cost basis in the tokens received. Keep the creator side firmly apart from any collecting you do as an investor, they are taxed differently, and blending them misstates both.

The US collectible rule (the 28% cap)

The US may treat some NFTs as **collectibles** under a look-through approach: if the underlying asset is a collectible (art, gems, trading cards), long-term gains can be taxed at up to **28%**, rather than the usual 20% top rate. Two things to keep straight: the 28% is a **cap, not a flat rate** (your actual rate is your ordinary bracket, capped at 28%), and it only applies to **long-term** holdings. NFTs with non-collectible utility, domain names, in-game items, membership passes, generally are not collectibles. [US crypto tax](#)

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DeFi: is this a disposal, or income?

Most DeFi tax questions come down to two: is this a **disposal** (capital gains) or is this **income**?

Because the answer depends heavily on country, the same action can be taxable in one place and not another.

Disposals and possible disposals

Token swaps are generally a disposal of the token you give up, except in countries that do not tax crypto-to-crypto, such as France and Poland. **Providing or withdrawing liquidity** may be a taxable exchange (swapping tokens for an LP token) depending on jurisdiction, and **wrapping** (for example ETH to WETH) may be too. **Impermanent loss** generally does not reduce your tax until you actually withdraw and realise it.

Income legs

Yield, rewards and liquidity-mining incentives are usually ordinary income at their value when received, and that value becomes the cost basis for the reward tokens, which matters when you later sell them. **Lending** interest is usually income, while the loan principal itself typically is not a disposal. The reward tokens are effectively taxed twice in two different ways: as income on receipt, and on any change in value afterwards.

One strategy, many taxable events

A single yield strategy can quietly stack a long chain of events: swap into the pair (a disposal), deposit for an LP token (possibly a taxable exchange), stake it and claim rewards repeatedly (each an income event at that moment's value), withdraw liquidity (another possible exchange, and where impermanent loss becomes real), then swap back to a stablecoin or fiat (a final disposal). Miss the income legs and you understate income; miss the basis those legs created and you later overstate your gains.

Mistakes to avoid across both

- **Forgetting the crypto disposal when buying an NFT**, people track the NFT and ignore the gain on the coins they spent.
- **Leaving gas and fees out of basis and proceeds**, minting and trading gas is often substantial and part of the calculation.
- **Mixing creator income with investor gains**, royalties and primary sales are income; flipping is usually capital.

- **Treating crypto-to-crypto swaps as tax-free** because no fiat moved, in most countries every swap is a disposal.
- **Forgetting the income leg of yield**, then being surprised when the same tokens are taxed again as gains on sale.
- **Assuming a protocol dashboard equals tax-ready data**, UIs show positions and APYs, not dated cost basis and per-leg classifications.

How CryptaTax untangles it

CryptaTax reads NFT and DeFi activity straight from your wallets, so the stacked events sort themselves out: the crypto disposal on an NFT purchase, cost basis with gas folded in, the income legs of yield and royalties kept on their own track, and each leg valued on its real date under your country's rules.

Investor activity lands in your [capital gains report](#) and creator or yield earnings in your [income report](#).

For the full detail see the [NFT guide](#) and [DeFi guide](#).

Disclaimer. General information, not tax advice. NFT and DeFi rules differ by country, the US collectible rules are still being finalised, and DeFi guidance is often thin, verify against your country's guidance or a qualified advisor.



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