

# Crypto currency, digital platforms and metaverse Taxation on digital services and trades

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How do governments levy taxes on these services?

Are they classified as digital commodities or services?

Tessa, a vivacious young lady, starts her day by listening to a motivating podcast on her preferred streaming platform. A membership cost is debited from her account as the program plays.





How is advertising taxed?

Are there different pricing or factors to consider for various kinds of advertising platforms?

Accepting bitcoins as a means of payment: how is this taxed (income tax and VAT perspectives)?

Tessa goes to work on her online business, where she sells handcrafted jewelry, after her podcast. To increase traffic to her website, she chooses to engage in digital advertising, posting advertisements on major social media sites. Also, she decides to accept bitcoin as a means of payment.



Is cloud storage considered a service, a digital product, or something else?

How are these services' producers and users taxed?

If the cloud service provider is abroad, how does withholding taxes work in this case?

Tessa notices that she is running out of digital storage space for her product images. She expands her cloud storage system to handle the increasing amount of high-resolution photographs.



Tessa learns about a new digital token that is gaining popularity at lunch. She purchases a few tokens from a cryptocurrency exchange, seeing an investment potential.

What exactly is a taxable event in the realm of cryptocurrency?

How do governments categorize and tax digital assets (income tax and VAT)?



Tessa considers how digital tokens may assist her jewelry company after seeing their potential firsthand. She investigates and learns about "security tokens" - digital assets that reflect ownership in real-world assets, in this instance, sections of her company. Tessa is enthralled by the prospect of issuing security tokens as a means of raising funds and expanding her firm.

How do security tokens vary from cryptocurrencies or utility tokens? What are the regulatory obstacles and tax ramifications for companies issuing these tokens and people acquiring them?





Tessa decides to take a break after lunch and enters her favorite metaverse. In this digital world, she goes to a virtual mall and buys a digital dress for her avatar. While not tangible in the physical world, this outfit has significant worth in the metaverse.

How are virtual-world transactions taxed?

What are the tax consequences of purchasing virtual real estate, digital products, or avatars?



Tessa's firm is expanding, so she chooses to go into digital markets outside of her jurisdiction. She creates a virtual shop in many metaverses, targeting several consumer markets. Despite the fact that she is not physically present in these countries, her digital shop serves consumers from all over the world, raking in revenues from these virtual worlds.

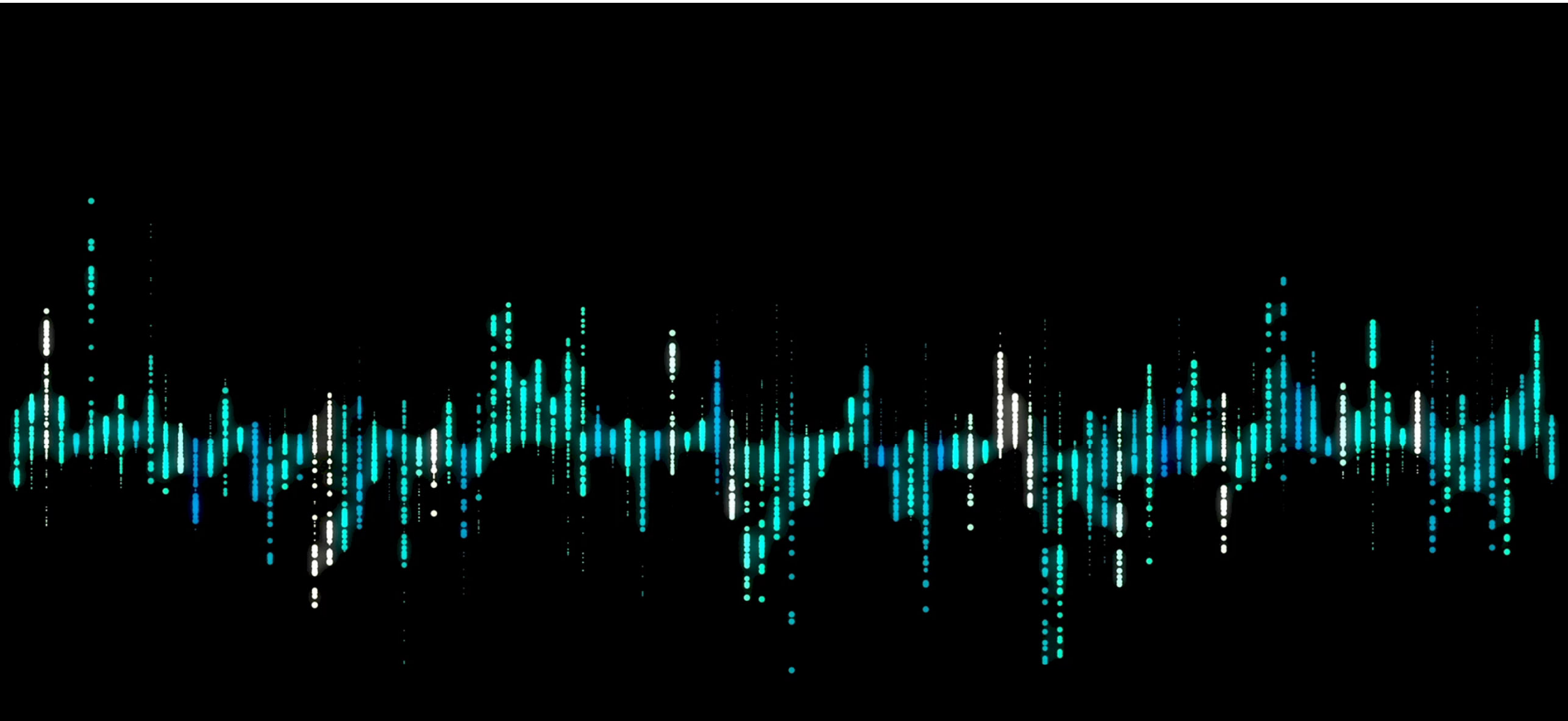
How do double tax treaties approach the problem of digital permanent establishments in an era when physical presence is no longer the sole type of corporate operation?

Is it possible for digital firms to be taxed in numerous jurisdictions?

How can firms negotiate the complicated environment of digital taxation?

New technologies are  
deeply entrenched in  
everyone's daily  
existence





The end?