

Blockchain & Digital Currencies Tax & Accounting

Jon West, VP, Blockchain
Thomson Reuters
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IMF: The Case for Digital Currency

<https://www.imf.org/en/News/Articles/2018/11/13/sp111418-winds-of-change-the-case-for-new-digital-currency>

- Changing nature of money
- A case for central bank digital currencies
 - Financial Inclusion
 - Security and consumer protection
 - Privacy
- Downsides
 - Risks to financial integrity
 - Risks to stability
 - Risks to innovation

The disdain for digital currency

- Negative perceptions surrounding cryptos and ICOs.
 - Criminal activity
 - Fraudulent ICOs
 - Illegal ICOs
 - Tax avoidance
 - Speculation
 - Volatility
 - Lack of KYC/AML
- New technology so be conservative
- Performance and Scalability
- Privacy (the irony of anonymity)
- Security

The advantages of digital currency vs. fiat currency

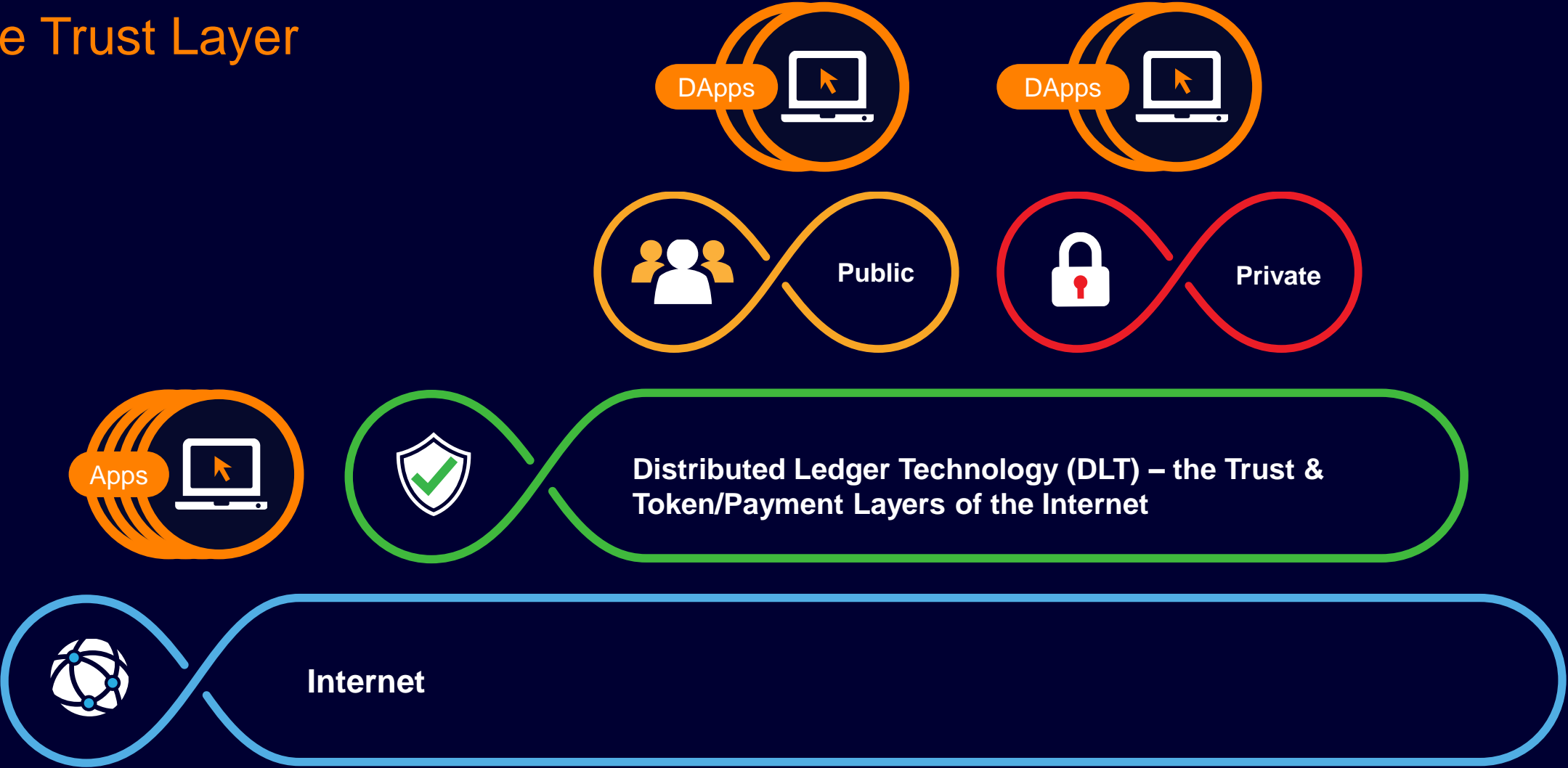
- Immediate settlement
- Low cost
- Borderless
- Financial inclusion
- Programmable money
- Micro payments allows new functions not previously possible
 - IOT
 - Brave browser
- Can better align financial incentive of buy and seller (DAOs will have at least limited success)

- What's also possible:
 - Reduce tax fraud and evasion
 - Reduce tax and accounting costs and administration
 - Broaden tax base

The first uses of digital currency - micropayments

- Pay-as-you-go model
- Reduce spam
- Brave browser
- No subscription
- Pay per view
- Reduce bias, or change bias
- Privacy
- Remove yourself as the product
- New transactions that aren't occurring today
- New businesses vs. changing legacy biz/transactions to use digital currency

The Trust Layer



Two primary functions of DLT

Finger printing and signing information. Proof of existence.

Manage tokenized value (digital currency) and automate tax & accounting.



VAT (and Sales Tax) Prototypes



Real-Time VAT Prototype (split payments)

- Tax fraud and tax avoidance
- Broaden the tax base & even the playing field
- Tax administration costs
- Tax compliance costs
- Tax revenue
- Tax rate
- Data privacy
- Technology where a business never needs to calc, collect, remit, audit... worry... about VAT tax.

Marketplace Purchases Register Business Logout Cart (2)

Show Euros

Shopping Cart

Product	Quantity	Price	Subtotal	Tax (19 %)	Total
 Wireless Phone Charger Sold by: Waynes	1	0,0331 €	0,0331 €	0,0063 €	0,0394 €
 3D Immersive VR Goggles Sold by: Starks	1	0,0854 €	0,0854 €	0,0162 €	0,1016 €
				Subtotal:	0,1185 €
				Shipping:	0,0000 €
				Tax (19 %):	0,0225 €
				Total:	0,1410 €

[Cancel](#) [Pay with Ether](#)

Verified Tax Address


Steven Lynn
 Messeturm Friedrich Ebert Anlage 49
 Frankfurt, Brandenburg Germany 60327

Shipping Information


Steven Lynn
 Messeturm Friedrich Ebert Anlage 49
 Frankfurt, Brandenburg Germany 60327
Shipping Method: Free Standard Shipping

Steven

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 **Steven Michael Lynn**

- [My Information](#)
- [Verifications](#)
- [Accounts](#)



SideSync MORE

- Phone screen
-
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No notifications received

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Cancel Pay with Ether

ONESOURCE TRUSTED TAX AND PAYMENT

Payment Confirmation

MERCHANT PAYMENTS	TOTAL PAYMENT
Waynes	0,0331 €
Starks	0,0854 €
TAX PAYMENTS	TOTAL TAX
Germany	0,0225 €
<hr/>	
SHIPPING ADDRESS	Frankfurt, Germany
<hr/>	
ESTIMATED NETWORK FEES	0,000000000000249545 €

Cancel Submit

Verified Tax Address
Steven Lynn
Messeturm Friedrich Ebert An
Frankfurt, Brandenburg Germ

Shipping Method: Free Standard Shipping

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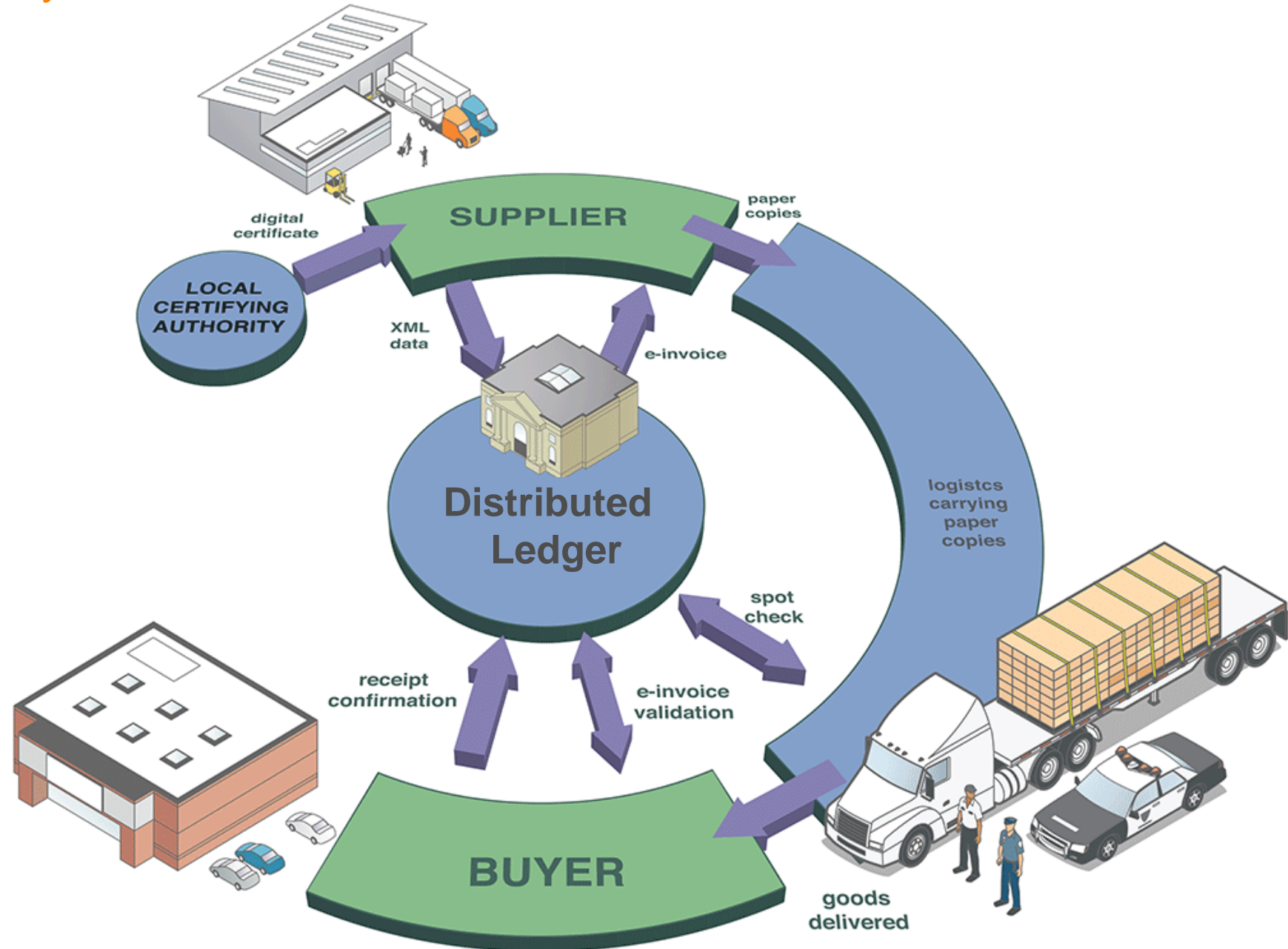
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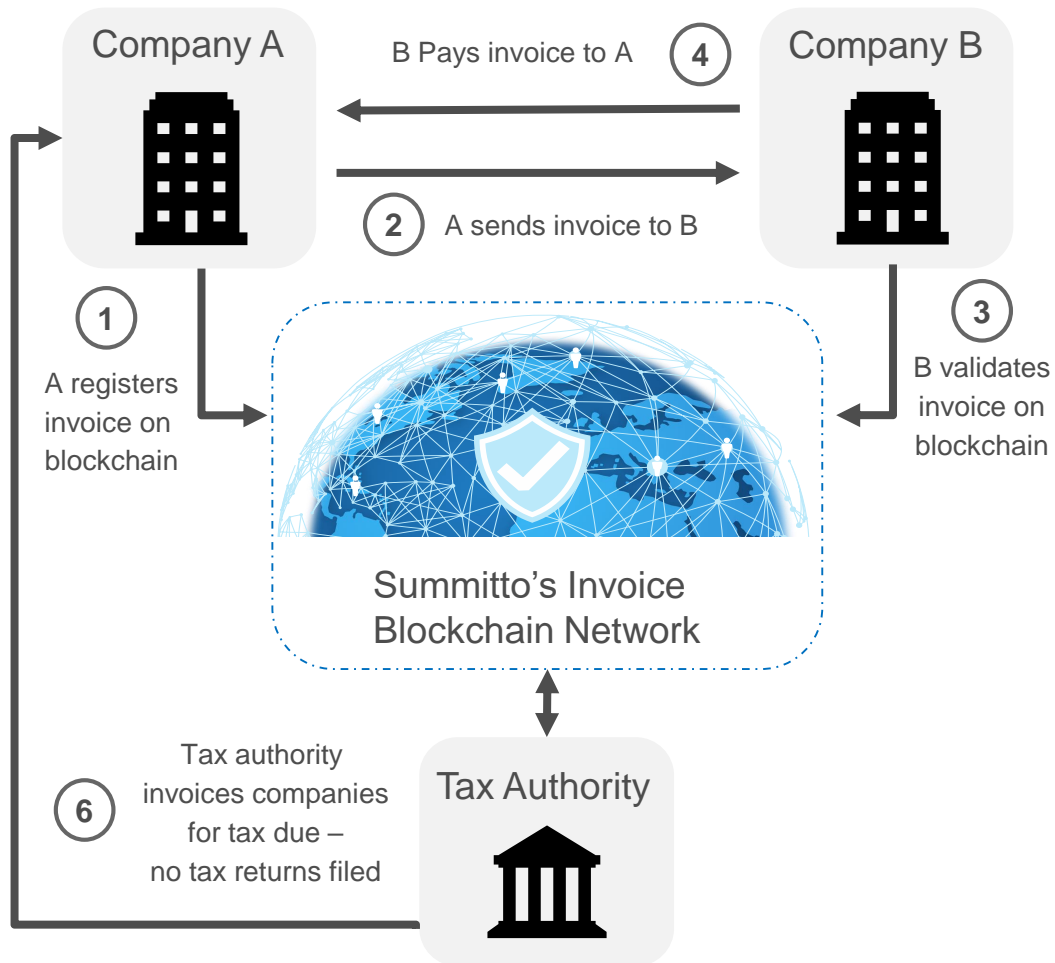
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What about legacy fiat transactions?



Summitto Product Overview

To reduce tax evasion and fraud, tax authorities are requiring that companies register their invoices to a centralized government database. Summitto's blockchain solution is more performant, cost effective, secure, private, GDPR compliant, trustworthy, and it is borderless.



Benefits:

- Identify “missing traders” (50B EUR/year) within weeks
- Comply with European Commission's fast payout request
- Simplify tax code (e.g., no reverse charge, no tax return)
- Data privacy by design
- Willful compliance granted 100% data privacy

What about integration across fiat and digital currency transactions?

