



# Forsyth International Hong Kong Analysis on Cryptocurrency-based Accounting for Legal Entities

*Using cryptocurrency in mutual settlements between legal entities, this use is hampered by imperfect legislation and the complexity of compliance with tax law*

HONG KONG, June 13, 2019 /EINPresswire.com/ -- [Forsyth International Hong Kong \(ISIN: HK0234892310\)](#), a trusted partner to individuals, wealth managers, family offices, investment managers and institutions in navigating cryptocurrency, a company that develops funds, indexes, insight, and other services, is pleased to publish its findings on accounting-based cryptocurrencies that are gaining popularity every day due to the simplicity and transparency of their circulation. However, due to the lack of direct regulation, there are such issues as taxation of transactions with cryptocurrency, as well as compliance of these deals with the law on laundering of profits obtained from criminal activities, and on countering the financing of terrorism. As for individuals, the absence of such regulation is not critical for a number of reasons, however for legal entities the lack of regulation carries an increased risk of being brought to tax or administrative responsibility.

Due to the lack of government's official position on the legal nature of cryptocurrency, there may be two options for considering it as a subject of the treaty. In the first case, cryptocurrency is considered as a means of payment. In this interpretation, contracts signed between legal entities, for example, a contract of sale, include the possibility of paying in fiat currency an amount equivalent to a certain amount in cryptocurrency. However, in this case, companies have to pay VAT. A similar method is used by real estate developers, which added an option of selling real estate for bitcoins. The second approach to determining the essence of cryptocurrency is to consider them as a commodity. In this case, barter contracts or mixed contracts may be used, of where barter agreement would be an integral part.

When analysing foreign experience, it becomes clear that there is no unified position on cryptocurrency-based accounting between legal entities, even in countries where regulators are positive to cryptocurrency. For example, in some European countries, cryptocurrency is completely legal for individuals who are free from paying taxes for transactions with cryptocurrency in some jurisdictions. In this case, deals between legal entities are prohibited. In this regard one of the most advanced countries at the moment is Japan. To use cryptocurrency, in particular bitcoin, in its day-to-day business, the company must have a cash reserve of \$ 100,000 and regularly provide financial reports to the government along with an external audit in the tax service. And to issue and receive a license to work with digital gold, you must give \$300,000. It should be noted that if the license is denied, the money will not be returned. Either companies should resort to the services of exchange points, which must meet the requirements specified above.

About [Forsyth International Hong Kong \(ISIN: HK0234892310\)](#)

Forsyth International Hong Kong is a crypto currency investment specialist and hedge fund that is committed to provide exceptional returns through an actively managed diversified portfolio of blockchain asset vehicles. The company commits to a research-driven and quantitative approach. Started by experienced VC investors and Internet entrepreneurs, Forsyth International

Hong Kong strives to provide its partners and investors with a superior return by targeting both short term and long-term opportunities in the rapidly growing crypto finance sector. The firm's origins are in technology and it prides itself in having a deep understanding of protocols, the blockchain and the crypto field.

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