

1 September 2026

[REDACTED]
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Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 5 August 2026. You requested the following information related to your prior request, reference 26OIA2443:

- 1. The response states that instances of crypto-to-crypto phantom gains cases "appear to be becoming less common," described as a general observation from IR's experience. Given the same response confirms no internal assessment of these cases has been undertaken, what is that observation based on?*
- 2. Was the possibility of taxpayers holding liabilities exceeding the value of their remaining crypto-assets raised during consultation on the tax treatment of crypto-asset transactions? If so, what consideration was given to it at the time?*
- 3. Where a taxpayer realised crypto-asset gains in one income year and losses in a subsequent year, and has no other income to offset those losses against, what options exist for resolving the resulting liability?*

Response

As reaffirmed in your correspondence with our media team on 5 August 2026, the observation made was anecdotal in nature and was based on observations and personal experience of Technical Specialist staff working in the crypto-asset space. This was accordingly described as a general observation given that no specific internal assessment of crypto-to-crypto income cases has yet occurred.

Inland Revenue recently consulted on an issues paper, *Income tax – wrapping, bridging, lending, borrowing and staking cryptoassets*, issued on 29 January 2026 and closing 12 March 2026, discussing the proposed treatment of decentralised finance transactions under existing law. Some submissions were received that related to the taxation of crypto-to-crypto transactions or about liabilities arising from the current tax treatment of crypto-assets. At this stage we do not have any outcomes to report as the submissions are still in the process of being considered.

You can find the issues paper in question on our Tax Technical website, linked here: <https://www.taxtechnical.ird.govt.nz/consultations/2026/irruip18>

In regards to the options for resolving tax debt liability, which includes liability arising from crypto-assets, I refer you to page 2 of our previous reply and the linked documents.

Right of review

If you disagree with my decision on your OIA request, you have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the OIA. You can contact the office of the Ombudsman by email at: info@ombudsman.parliament.nz.

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely



Tony Morris

Customer Segment Leader - Significant Enterprises