

# **Learn more about our work.**

Public report.  
2021 and 2022.

# About us.

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# Instituto New Economy was founded to promote Portugal’s crypto economy and industry.


Our two-fold mission.


Establish Portugal as the leading crypto and blockchain hub.


Develop a cryptoasset-friendly tax and regulatory environment in Portugal.


Instituto New Economy was founded by leaders in the crypto and national academic and political scenes.


 NEAR


 brave


 Immunefi


 CHORUS


 bitscale  
capital


 Balancer


 Lightshift  
CAPITAL


 Gnosis


 Kikimōra Labs


 3JANE

 PRIVUS  
PRIVATE. SECURE. SOVEREIGN.

 LUMINOUS  
FUTURES

 MA FAMILY

 RELAYZ

 PYTH

Your organisation can be here.

MORAIS LEITÃO  
GALVÃO TELES, SOARES DA SILVA  
& ASSOCIADOS

# We have been engaged with the top regulators, political parties, and financial institutions to drive Portuguese crypto friendliness.

## National regulators.



## Political parties.



## Financial institutions.



**Over the past years, we've crafted policy presentations, replied to public consultations, conducted trainings, and organised industry events to gather stakeholders and start driving policy outcomes in Portugal.**

**An overview of our activity so far.**

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# We were formally established as a Portuguese non-profit association in June 2021 and began interacting with regulators and MPs since.

Q1 2021	Q2 2021	Q3 2021	Q4 2021
<ul style="list-style-type: none"><li>• <b>Online conference with founding members and key policy makers, including the former Prime Minister of Portugal.</b><ul style="list-style-type: none"><li>• On the topic of blockchain as a key driver of national competitiveness in the new digital economy.</li></ul></li><li>• <b>Legal establishment preparation and internal regulation draft.</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Participated in the public consultation for BdP's registration process for VASPs and engagement with the regulator.</b></li><li>• <b>Participated in the public consultation for FATF's Draft Revised Guidance for VASPs.</b></li><li>• <b>Blockchain training to CMVM (Portuguese SEC) and Bank of Portugal).</b></li><li>• <b>AML &amp; cryptoasset compliance training to Novo Banco.</b></li><li>• <b>Country partnership with Chainalysis.</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Eco media partnership.</b></li><li>• <b>Interviewed for "Linha da Frente, a prime time TV show at RTP.</b></li><li>• <b>National community survey and interviews with top VASPs who got a license from BdP.</b></li><li>• <b>Developed a "Cryptoasset strategy toolkit for policymakers in Portugal".</b></li><li>• <b>Partnership with Global Digital Finance, the European Blockchain Association, and EUCI.</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Organised a conference with key regulators, policy makers and stakeholders in Lisbon during Solana's Breakpoint.</b><ul style="list-style-type: none"><li>• Engaged with MPs on the taxation uncertainty.</li><li>• Helped the Minister of the Economy meet with top VCs and entrepreneurs.</li></ul></li><li>• <b>Participated in a crypto workshop in Brussels.</b><ul style="list-style-type: none"><li>• With MiCA's main author from the EC.</li></ul></li><li>• <b>DeFi and governance training to Sonae IM Board</b></li><li>• <b>Informal university partnerships.</b></li></ul>

# In 2022 we scaled our work and became fully engaged in Portugal's political scene, while initiating our approach to Europe and Brussels.

Q1 2022	Q2 2022	Q3 2022	Q4 2022
<ul style="list-style-type: none"><li>• Negotiated partnership with Nova University.</li><li>• Kicked-off PR partnership with MA Family.</li><li>• Shared our crypto strategy with the key political groups as a primer.</li><li>• Organised a workshop on “Porto’s potential as a crypto hub” at the request of the city hall.</li><li>• Commented on EU’s AML/CFT package, including the TFR.</li><li>• Launched our new website and “associate members” subscription program.</li></ul>	<ul style="list-style-type: none"><li>• Crypto tech and use cases 101 training to José de Mello.</li><li>• Led the formation of FACE, the Portuguese Federation of Associations for the Crypto Economy.</li><li>• Met the Madeira government and were invited to a regional crypto task force.</li><li>• Met the Sec. of State of Digitalisation about PT’s crypto strategy project.</li><li>• Met with IL’s party leader.</li><li>• Applied to a DeFi Education Fund grant.<ul style="list-style-type: none"><li>• Their European arm replied favourably but didn’t follow through.</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Organised conference with Chainalysis and top Portuguese banks in Lisbon.</li><li>• Moderated a roundtable with Lídia Pereira, MEP, and Diogo Mónica, co-founder of Anchorage.</li><li>• Public consultation on AI and capital markets with CMVM.</li><li>• Produced an European crypto taxation benchmark.</li><li>• Met the Sec. of State of Finance and negotiated the new tax regime with his team and PS MPs.<ul style="list-style-type: none"><li>• Crucial collaboration of various law firms, FACE, and MA Family (PR firm).</li><li>• Key highlight of 2022.</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Organised The Reg3 Conference in partnership with the EU Crypto Initiative (EUCI).<ul style="list-style-type: none"><li>• 48 top speakers.</li><li>• Chainalysis CEO lunch</li><li>• 415 tickets sold and 197 confirmed check-ins.</li><li>• Raised €30k, spent €3k.</li></ul></li><li>• Public consultation on the new VASP regime with BdP.<ul style="list-style-type: none"><li>• BdP integrated some of our comments.</li></ul></li><li>• Brussels workshop with EUCI and fellow EU crypto advocacy groups and key MEPs &amp; EU regulators.</li><li>• Met with the VP of PSD’s parliamentary group.</li></ul>

# Our approach.

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**Our founding manifesto encompasses nine goals. We've organised them into three areas which inform our planning and communication.**

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Educate

**E**

Transform

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Help

**H**

# While our best work translates into shaping policy, we couldn't do it without influencing stakeholders and great community relations.

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## Educate.

### Influence key stakeholders.

- Educate policy makers and academics on this industry's potential.
- Ensure the public perception of cryptoassets is well-informed.
- Contribute to the institutional adoption of cryptoassets.

## Transform.

### Shape favourable policy.

- Promote friendly and clear regulatory regimes for this industry.
- Develop a friendly tax regime for cryptoassets and cryptocurrency.
- Partner in the formation of relevant technology & innovation parks.

## Help.

### Build strong relations.

- Cooperate with global crypto advocacy groups, especially in the EU, but not only.
- Aggregate the cryptoasset community in Portugal.
- Help reverse Portugal's brain-drain.

**Some of our 2022 events.**

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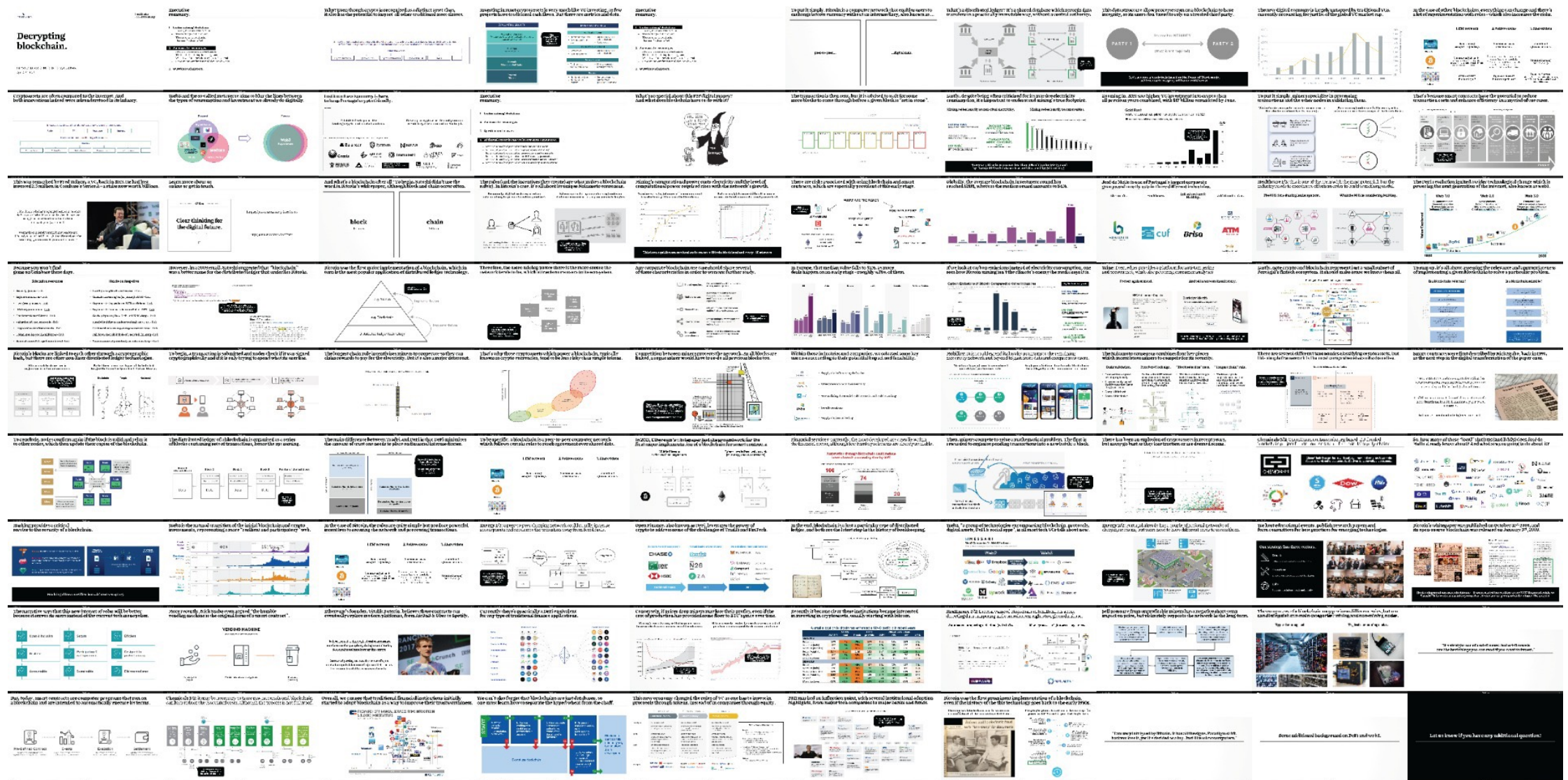


# In February we organised a workshop with the Porto City Hall to understand what did the city need to become a global crypto hub.





# In April we held a training session with the board of José de Mello, Portugal's largest industrial group, on the blockchain & crypto 101.





# In June we organised an intimate conference in partnership with Chainalysis and top Portuguese banks on cryptoasset adoption.





# Throughout October we negotiated the new taxation regime for cryptoassets, which is such a long story that it has its own report.

## About the new tax regime for cryptoassets in Portugal.

The full story  
October 2022

Some countries offer clear exemptions for cryptoassets, in an approach which contrasts with the simpler regimes of Romania and Bulgaria.

Germany	Austria	Italy	Slovenia
<ul style="list-style-type: none"><li>Capital gains exempt if asset is held for &gt;1 year.</li><li>Also would be exempt if, e.g., lost or stolen.</li><li>Cryptos are reported in tax returns and capital gains are calculated.</li></ul>	<ul style="list-style-type: none"><li>Before March 2022, Austria also exempted capital gains if asset was held for &gt;1 year.</li><li>But new regime will tax crypto assets held for &gt;1 year, but with a 10% discount on the tax rate.</li><li>Cryptos are reported in tax returns and capital gains are calculated.</li></ul>	<ul style="list-style-type: none"><li>Capital gains exempt if the total value of the assets of an individual is not more than 7 consecutive working days.</li><li>A new regime for cryptoassets will allow the payment of a flat rate of 25% on capital gains.</li></ul>	<ul style="list-style-type: none"><li>Just like in Portugal before, Slovenia has a legal void so capital gains are not currently taxed (in PIT) unless they are considered a professional activity.</li><li>The parliament is currently debating the payment of a flat rate of 25% on capital gains.</li></ul>

In addition to these, many investors appreciate the simplicity of the Romanian or Bulgarian regimes. Note that Bulgaria is already discussing raising its flat rate from 10% to 15%.

Outside the EU, countries with better fiscal frameworks have attracted investment and managed to reap more benefits of the crypto ecosystem.

United Kingdom	Switzerland	CAE and Dubai	Liechtenstein	Singapore
<ul style="list-style-type: none"><li>Capital gains are not taxable in the UK.</li><li>Cryptos are reported in tax returns and capital gains are calculated.</li></ul>	<ul style="list-style-type: none"><li>There are no capital gains taxes in Switzerland.</li><li>Cryptos are reported in tax returns and capital gains are calculated.</li></ul>	<ul style="list-style-type: none"><li>There are no capital gains taxes in CAE and Dubai.</li><li>Cryptos are reported in tax returns and capital gains are calculated.</li></ul>	<ul style="list-style-type: none"><li>There are no capital gains taxes in Liechtenstein.</li><li>Cryptos are reported in tax returns and capital gains are calculated.</li></ul>	<ul style="list-style-type: none"><li>There are no capital gains taxes in Singapore.</li><li>Cryptos are reported in tax returns and capital gains are calculated.</li></ul>
10% or 30% on capital gains.	Capital gains are not taxed (0% on capital gains).	Capital gains are not taxed (0% on capital gains).	15% flat rate for capital gains.	Capital gains are not taxed (0% on capital gains).

The taxation proposal presented in October within the 2023 Budget followed one of our two recommendations, i.e. the Germany model.

Personal Income Tax summary - Original October proposal	Corporate Tax summary - Original October proposal	Stamp Duty summary - Original October proposal
<ul style="list-style-type: none"><li>Capital gains: 20% on assets held for &gt;1 year.</li><li>Losses can be carried over for 3 years and used to offset future gains.</li><li>Gains from regular activities, also Category B, 20% on gains.</li><li>Staking and mining with a maximum rate of 7.25% up to €200k in yearly income (or other simplified regime requirements), and after it is subject to PIT as regular income from other sources.</li><li>Regular trading subject to maximum rate of 26.8% up to €200k.</li><li>Other notes: Portuguese VASPs need to report crypto transactions.</li></ul>	<ul style="list-style-type: none"><li>Tax on corporate income tax is 21% (currently 25% or 17%).</li><li>But only 12% of crypto income (e.g. mining and staking) but not capital gains from trading is to be subject to the rate.</li></ul>	<ul style="list-style-type: none"><li>VASPs have to pay a 4% tax on the commission they charge.</li><li>Donations and non-staking transactions are subject to a 10% tax.</li><li>As well as other gifts or "free transfers", potentially including</li></ul>

Most EU countries frame crypto gains in Personal Income Tax, either subjecting them to the marginal rate of each taxpayer or to a "flat tax".

Aggregation in personal income brackets	"Flat Tax" for cryptoassets.
<ul style="list-style-type: none"><li>Germany: exempted for assets held for &gt;1 year.</li><li>Portugal: 20% on capital gains.</li><li>Poland: 10% on capital gains.</li><li>France: 15% on capital gains.</li><li>Italy: 20% on capital gains.</li><li>Spain: 19% on capital gains.</li><li>Belgium: 15% on capital gains.</li><li>Netherlands: 15% on capital gains.</li><li>Denmark: 15% on capital gains.</li><li>Finland: 10% on capital gains.</li><li>Slovenia: 15% on capital gains.</li><li>Croatia: 10% on capital gains.</li><li>Czech Republic: 15% on capital gains.</li><li>Hungary: 15% on capital gains.</li><li>Estonia: 10% on capital gains.</li><li>Latvia: 10% on capital gains.</li><li>Lithuania: 15% on capital gains.</li><li>Malta: 10% on capital gains.</li><li>Cyprus: 10% on capital gains.</li><li>Poland: 10% on capital gains.</li><li>France: 15% on capital gains.</li><li>Finland: 10% on capital gains.</li></ul>	<ul style="list-style-type: none"><li>Slovenia: 10% on capital gains.</li><li>Romania: 10% on capital gains.</li><li>Croatia: 10% on capital gains.</li><li>Czech Republic: 15% on capital gains.</li><li>Hungary: 15% on capital gains.</li><li>Estonia: 10% on capital gains.</li><li>Latvia: 10% on capital gains.</li><li>Lithuania: 15% on capital gains.</li><li>Malta: 10% on capital gains.</li><li>Cyprus: 10% on capital gains.</li><li>Poland: 10% on capital gains.</li><li>France: 15% on capital gains.</li><li>Finland: 10% on capital gains.</li></ul>

As each EU country taxes cryptoasset differently, MEP Lidia Pereira has already advanced with a harmonization plan in the EU Parliament.

Estrasburgo quer Fiscos da UE juntos para taxar crypto	The Portuguese Finance Minister has also said that he will not accept a flat tax for cryptoassets, but will accept a 10% flat tax for cryptoassets.
<p>Em comunicado, o Parlamento Europeu defende a harmonização da tributação dos ativos digitais em toda a UE.</p>	<p>O ministro da Economia, Paulo Portas, afirmou que o governo não aceita uma taxa plana para os ganhos com criptomoedas, mas sim uma taxa de 10% sobre os ganhos.</p>

Finally, this September, we heard the government was rushing a proposal for a new crypto tax regime and arranged some meetings.

Sobre a tributação de criptoativos em Portugal e na Europa.	FACE
<p>FACE defende a harmonização da tributação dos ativos digitais em toda a UE.</p>	<p>FACE defende a harmonização da tributação dos ativos digitais em toda a UE.</p>

In a nutshell, we recommended the government should follow one of two approaches either the Germany model or a low flat tax, which was also under parliamentary debate in Slovenia, and offered to redraft a proposal of the law, which we did.

The Socialist Party heard the industry's demands and integrated them in a new proposal. But added some new ideas at the last minute.

The crypto-to-crypto exemption was a key improvement as it makes the law simpler.	The MPs introduced "anti-abuse laws", which are fine, but also a potential "exit tax".
<p>Setor pede mudanças à tributação de cripto. Quer isenção para NFT e troca entre criptoativos</p>	<p>Isenção nas mais-valias de criptoativos não se aplica se não houver troca de informações</p>

Conversely, several countries have put forward very unattractive tax frameworks which have hurt the local crypto industry and community.

Belgium	France	Netherlands	Denmark
<ul style="list-style-type: none"><li>There's a capital gains exemption for "the normal management of the assets", but it's only applicable in part of a cryptoasset's portfolio.</li><li>Not clear if it will apply to cryptoassets.</li></ul>	<ul style="list-style-type: none"><li>Professional investors and traders pay 45%.</li><li>Discretionary investors pay 30%.</li><li>Individual investors pay 15%.</li></ul>	<ul style="list-style-type: none"><li>There's a capital gains exemption for "the normal management of the assets", but it's only applicable in part of a cryptoasset's portfolio.</li><li>Not clear if it will apply to cryptoassets.</li></ul>	<ul style="list-style-type: none"><li>Crypto gains are not subject to tax.</li><li>Crypto gains are not subject to tax.</li></ul>

In April, the Min. of Finance confirmed that the TA has been studying the issue since February but the matter wasn't voted in the 2022 budget.

Em concreto, o Ministério das Finanças explica que este trabalho está a ser feito "no sentido de propor um enquadramento fiscal adequado a estas novas ferramentas, tendo em conta o necessário equilíbrio entre a mobilização justa dos rendimentos e a criação de um ambiente de investimento atrativo".	Seguimento em Portugal de legislação, de educação e de estudos de viabilidade das ideias para a tributação de criptoativos.
<p>Em concreto, o Ministério das Finanças explica que este trabalho está a ser feito "no sentido de propor um enquadramento fiscal adequado a estas novas ferramentas, tendo em conta o necessário equilíbrio entre a mobilização justa dos rendimentos e a criação de um ambiente de investimento atrativo".</p>	<p>Seguimento em Portugal de legislação, de educação e de estudos de viabilidade das ideias para a tributação de criptoativos.</p>

Additionally, we met again with the government and parliament to provide a detailed critique and an alternative to the original proposal.

Definitions	Staking	Crypto-Crypto	NFTs	Incentives
<ul style="list-style-type: none"><li>Definition of "cryptoasset" was not clear.</li><li>Definition of "cryptoasset" was not clear.</li></ul>	<ul style="list-style-type: none"><li>Definition of "staking" was not clear.</li><li>Definition of "staking" was not clear.</li></ul>	<ul style="list-style-type: none"><li>Definition of "crypto-crypto" was not clear.</li><li>Definition of "crypto-crypto" was not clear.</li></ul>	<ul style="list-style-type: none"><li>Definition of "NFTs" was not clear.</li><li>Definition of "NFTs" was not clear.</li></ul>	<ul style="list-style-type: none"><li>Definition of "incentives" was not clear.</li><li>Definition of "incentives" was not clear.</li></ul>

Lastly, note that other parties also presented proposals to change the original tax regime, but these weren't approved in the parliament.

Bloco tried to remove the >1 year exemption.	IL likely presented the wrong document.	Live also tried to cancel the exemption.	PCP made an exhaustive case against crypto.
<p>Bloco tried to remove the &gt;1 year exemption.</p>	<p>IL likely presented the wrong document.</p>	<p>Live also tried to cancel the exemption.</p>	<p>PCP made an exhaustive case against crypto.</p>

Still, even if Portugal's "strict legality of taxation" had exempted most crypto gains from PIT, these have always been subject to corporate tax.

IRS (PIT)	IRC (corporate tax)	IVA (IS (VAT and others))
<ul style="list-style-type: none"><li>In 2018, the Tax Authorities issued a binding public ruling confirming that (occasional) gains from cryptoassets didn't fall in Portugal's tax. It limited gains over €10,000 to income tax bracket, but they could fall under Ord. 8 (for professional income).</li><li>Cryptoassets are not subject to tax.</li><li>Cryptoassets are not subject to tax.</li></ul>	<ul style="list-style-type: none"><li>The Tax authorities have never issued another binding public ruling about this until their report on crypto taxation.</li><li>It is not clear that all organizations dealing with cryptoassets were subject to corporate tax.</li><li>The particular treatment could depend on the organization's size, its turnover, its sector, etc.</li><li>However, the criteria of what constitutes a "professional" activity is not clear.</li></ul>	<ul style="list-style-type: none"><li>VAT was exempt for cryptoassets as considered currencies.</li><li>This was not "true" VAT, but a "pseudo-VAT" that was not subject to VAT.</li><li>European Court of Justice also ruled that cryptoassets were not subject to VAT.</li><li>Consequently, the law was in theory, always subject to VAT, but not in practice.</li></ul>

To mitigate this, we made our concerns heard in various media outlets, highlighting the specific problems with the proposal.

Taxar criptoativos? Setor diz que proposta do governo "carrega de desequilíbrio"	Alterações fiscais a criptoativos seguem ao governo "sem a menor dúvida"
<p>Taxar criptoativos? Setor diz que proposta do governo "carrega de desequilíbrio"</p>	<p>Alterações fiscais a criptoativos seguem ao governo "sem a menor dúvida"</p>

This led to a final round of meetings with the government and with key PS MPs to explain the problems with those last-minute additions.

Minor definition issues.	The so-called "exit tax".	Renewable mining.
<p>Minor definition issues.</p>	<p>The so-called "exit tax".</p>	<p>Renewable mining.</p>

Unfortunately, due to the nature of the budget process, there was no chance to have these changed unless the Socialist Party would vote against their own proposal. But this is something we'll keep on watching for in the future.

In a nutshell, the new Portuguese crypto tax regime was approved on Nov. 28th and will be applicable from January 1st, 2023, onwards.

Crypto-to-crypto transactions excluded in IRS (PIT).	Personal Income Tax summary.	Stamp Duty summary.	Anti-abuse laws.	The so-called "exit tax".
<ul style="list-style-type: none"><li>Crypto-to-crypto transactions excluded in IRS (PIT).</li><li>Crypto-to-crypto transactions excluded in IRS (PIT).</li></ul>	<ul style="list-style-type: none"><li>Capital gains: 20% on assets held for &gt;1 year.</li><li>Losses can be carried over for 3 years and used to offset future gains.</li><li>Gains from regular activities, also Category B, 20% on gains.</li><li>Staking and mining with a maximum rate of 7.25% up to €200k in yearly income (or other simplified regime requirements), and after it is subject to PIT as regular income from other sources.</li><li>Regular trading subject to maximum rate of 26.8% up to €200k.</li><li>Other notes: Portuguese VASPs need to report crypto transactions.</li></ul>	<ul style="list-style-type: none"><li>VASPs have to pay a 4% tax on the commission they charge.</li><li>Donations and non-staking transactions are subject to a 10% tax.</li><li>As well as other gifts or "free transfers", potentially including</li></ul>	<ul style="list-style-type: none"><li>Anti-abuse laws.</li><li>Anti-abuse laws.</li></ul>	<ul style="list-style-type: none"><li>The so-called "exit tax".</li><li>The so-called "exit tax".</li></ul>



**In November we organised The Reg3 Conference, our flagship event, in partnership with the EU Crypto Initiative. It also has its own report.**





# Next steps.

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If you have any questions please  
get in touch through our website.

