Japan

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

Japan regulated crypto exchanges earlier than anyone. Amendments to the Payment Services Act enacted in 2016 and in force from April 2017 required exchanges to register with the Financial Services Agency, to segregate customer assets and to submit to audit. They made Japan the first G7 country with a statutory definition of a virtual currency. The Coincheck hack of January 2018, in which about US$ 530 million of NEM tokens were stolen from a registered exchange, led to tightened requirements. It also led to the recognition of the Japan Virtual and Crypto Assets Exchange Association as a self-regulatory body with binding rules.[1] Since 2020 tokens with investment characteristics have been regulated under the Financial Instruments and Exchange Act. Since June 2023 a stablecoin regime has allowed banks, trust companies and funds-transfer providers to issue fiat-backed stablecoins.

Japan's relevance to a Singapore or Swiss client lies less in competition than in access. Japan is a large market with strict rules on who may sell tokens to its residents, so a Singapore licensee that wants Japanese customers must either register in Japan or partner with a registered exchange. Japanese tax treats crypto gains of individuals as miscellaneous income at progressive rates up to 55 per cent, which has driven Japanese founders to Singapore and to Dubai. Proposals under discussion

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

in 2025 and 2026 to move crypto assets into the Financial Instruments and Exchange Act and to tax gains at the flat rate applicable to securities would, if enacted, reduce that outflow.[2]

Notes

1. Japan, Payment Services Act (Act No. 59 of 2009) as amended by Act No. 62 of 2016, in force 1 April 2017 (registration of virtual currency exchange service providers); further amendments by Act No. 28 of 2019, in force 1 May 2020, renaming "virtual currency" as "crypto asset" and transferring security tokens to the Financial Instruments and Exchange Act. ↩
2. Japan Financial Services Agency, discussion papers of 2025 on the treatment of crypto assets under the Financial Instruments and Exchange Act and on the tax treatment of crypto gains; author's summary of the state of the debate at 30 June 2026. ↩

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.