Payment tokens: barter, valuation and disposal

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Because IRAS treats a payment token as property and not as money, a payment in tokens is a barter transaction. A business that sells goods for Bitcoin is taxed on the value of the goods supplied. A business that receives Bitcoin for services is taxed on the value of the services, measured at the time of the transaction. The token received then becomes an asset with a cost base equal to that value, so that its later disposal produces a gain or loss that is revenue or capital according to the holder's purpose.[1] Unrealised changes in fair value are neither taxable nor deductible, which spares the holder the mark-to-market accounting that Swiss GAAP sometimes requires for trading stock (compare Part G, Chapter IV).

Valuation is a practical problem that the Guide addresses with a rule of reason. The taxpayer must use an exchange rate from a reasonable and verifiable source and apply it consistently. Where a token is traded on several exchanges with different prices, IRAS accepts any reasonable method applied consistently, for example the rate on the exchange the taxpayer actually used or a volume-weighted average at a fixed time of day. For disposals, first-in-first-out or weighted average cost are

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accepted and last-in-first-out is not.[2] The Swiss reader will recognise a close parallel to the FTA's year-end price list approach for wealth tax, with the difference that Singapore has no wealth tax and therefore no year-end valuation duty at all.

Example

A Singapore private limited company supplies smart-contract audit services to a Zug foundation and invoices S$ 80,000, payable in USDC. The USDC arrives when the exchange rate is S$ 1.34 to the dollar. The company recognises S$ 80,000 of service income and books the USDC at that cost. Four months later the company converts the USDC to Singapore dollars at S$ 1.31, a loss of about S$ 1,800. If the company treats USDC as working capital held pending conversion, the loss is a revenue loss and deductible. If the company held the USDC as a treasury investment hoping the US dollar would rise, IRAS may view the loss as capital and non-deductible. The company's board minutes and treasury policy decide which view prevails.

Notes

1. IRAS, e-Tax Guide *Income Tax Treatment of Digital Tokens*, second edition, 30 January 2026, section on payment tokens received as consideration (barter treatment; valuation at transaction date). ↩
2. IRAS, e-Tax Guide *Income Tax Treatment of Digital Tokens*, second edition, 30 January 2026, section on valuation and cost identification (FIFO and weighted average accepted; LIFO not accepted). ↩

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