Stablecoins: outside the DPT definition but still exempt

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

The exclusion of currency-pegged tokens from the DPT definition surprises many clients, because a stablecoin is the token most often used as a means of payment. The reason lies in the definition's requirement that the token must not be denominated in or pegged to a currency. IRAS treats a fiat-pegged stablecoin as a derivative, because its value derives from the underlying currency, and derivatives are exempt supplies under paragraph 1(j) of Part I of the Fourth Schedule.[1] The practical result is the same for the exchange of a stablecoin for fiat: no GST. The result differs for the use of a stablecoin as payment. A payment in Bitcoin is disregarded as a supply, while a payment in USDC is technically an exempt supply of a derivative by the payer. For a private individual this changes nothing. For a GST-registered business that pays its suppliers in stablecoins it means that each payment is an exempt supply counted in the business's exempt turnover, with consequences for input tax recovery described below.

The treatment of MAS-regulated single-currency stablecoins under the 2023 framework (see Part K, Chapter VI) has not altered the GST analysis. A regulated SGD stablecoin remains pegged to a currency and therefore remains outside the

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DPT definition. Tokenised deposits issued by banks are claims on the bank and are treated as the underlying deposit for GST purposes, so that transfers of them are exempt financial services.

Notes

1. IRAS, e-Tax Guide *GST: Digital Payment Tokens*, third edition, 30 January 2026, para 5.7 and FAQ 2 (fiat-pegged stablecoins are not DPTs; treated as derivatives exempt under para 1(j), Part I, Fourth Schedule). ↩

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