# The badges of trade applied to crypto

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The badges of trade are the test IRAS applies to decide whether disposals of tokens are revenue in nature. They are familiar from property and share cases: the subject matter of the transaction, the length of ownership, the frequency of similar transactions, supplementary work on the asset, the circumstances of the sale, the motive and the method of financing. None is decisive and the Guide repeats that each case is assessed on its facts.[1] Applied to digital assets the badges acquire a particular colouring, which the following table draws out.

| Badge | Indicator of trading | Indicator of investment |
|---|---|---|
| Subject matter | Tokens with no yield, bought to sell | Tokens held for staking yield or governance |
| Holding period | Days or weeks; high turnover | Months or years; "hodl" behaviour |
| Frequency | Hundreds of trades a year, bots, arbitrage | A handful of purchases and sales |
| | | Passive wallet holding |

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| Badge | Indicator of trading | Indicator of investment |
|---|---|---|
| Supplementary work | Market-making, active DeFi management | |
| Financing | Margin, derivatives, borrowed stablecoins | Own funds |
| Motive at acquisition | Documented short-term profit intention | Long-term conviction, treasury diversification |
| Organisation | Trading desk, systems, staff | None |

A Singapore individual who buys Ether twice a year and sells once in three years is an investor and pays no tax on the gain. A Singapore individual who runs an arbitrage bot across three exchanges is trading, even without a company. The net profit is taxable under section 10(1)(a) as income from a trade or, at least, as gains of an income nature under paragraph (g). The English authorities on isolated speculation, *Leeming v Jones* [1930] AC 415 and *Marson v Morton* [1986] 1 WLR 1343, are still cited before the Board of Review. They show that a single, well-planned speculative purchase can be an "adventure in the nature of trade" if the circumstances point that way.[2] In Switzerland the same question is answered by the safe-harbour criteria of Circular 36 (see Part G, Chapter II), which gives a Swiss private investor a far more predictable position than the Singapore facts-and-circumstances test.

## Practice note

You can shape the badges before IRAS examines them. A written investment policy, a separation of long-term holdings into a cold wallet that is never traded, a record of the reason for each disposal and an avoidance of borrowed funds all point to investment. The reverse is also true: once a client has traded actively for a year, a change of heart does not convert the open positions into capital assets. The intention at acquisition is what counts. A later switch should be documented as a change of purpose, with the assets moved to a separate wallet at that date.

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# Notes

1. IRAS, e-Tax Guide *Income Tax Treatment of Digital Tokens*, second edition, 30 January 2026, section on disposal of payment tokens (badges of trade; facts-and-circumstances assessment). ↩
2. Leeming v Jones, House of Lords, 1930, and Marson v Morton, Chancery Division, 1986, as cited in the text. On the "adventure in the nature of trade" concept in Singapore, see the definition of "trade" in s. 2(1) Income Tax Act 1947. ↩

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