

# **Legal aspects of cryptocurrencies**

## **Abstract**

The aim of this work is to analyse the legal aspects of cryptocurrencies, especially focusing on their position within the legal system, legal binding of so-called smart contracts and their proper taxation in the field of personal income, legal entities and value added tax.

The main content of the work is divided into six chapters. These six chapters are preceded by an introduction, which contains the reasons for choosing the topic, the chosen goal and the individual sub-goals and methods by which these goals are achieved. The last part is followed by a conclusion, which contains a summary of individual findings and recommendations for further research.

The first chapter briefly deals with the history of cryptocurrencies, respectively describes the origin and life of two important precursors of the cryptocurrency bitcoin, E-Cash and E-Gold.

The second chapter contains an analysis of the concept of cryptocurrency in relation to concepts such as currency, money, electronic money, digital and virtual currency. The content also includes the position of cryptocurrencies in the Czech legal system, an analysis of the fulfilment of the defining features of a security and the effects of their inclusion in the issue of combating the legalization of proceeds from crime. The last part is then devoted to regulatory requirements by the CNB.

The third chapter deals with the issue of blockchain, its construction and method of operation, as well as its main advantages and various variants. This descriptive part is followed by a legal analysis of the so-called smart contracts from the point of view of Czech law.

The fourth chapter deals with the area of taxation of personal income in connection with cryptocurrency, their inclusion in the partial tax bases, proper valuation and possible exemption of certain types of income.

This fifth chapter describes corporate income taxation, or especially the correct accounting of transactions with cryptocurrency within the double-entry bookkeeping system, as well as the proposal of an alternative method compared to the current one.

The last chapter offers an analysis in the field of value added tax. The main scope here is given to the analysis of whether individual type transactions will fulfil the subject of VAT and whether there will be no exemption for some of them in connection with the case law of the Court of Justice of the European Union.

**Klíčová slova: cryptocurrency, taxation, blockchain**