



Australian  
**BORDER FORCE**

# Australian Customs Notice No. 2022/42

## Conversion of cryptocurrencies into Australian dollars – customs valuation

The use of cryptocurrencies such as Bitcoin, Ethereum and Tether to effect payment for goods has increased significantly in recent years. Cryptocurrencies are digital tokens –a type of digital currency that allows people to make payments directly to each other through an online system.<sup>1</sup>

This notice is designed to assist owners who have paid for their imported goods using a cryptocurrency rather than a traditional fiat (government issued) currency to comply with obligations under the *Customs Act 1901* (the Act) The key provision in the Act is section 161J(1) of the Act that states, in part:

*Where an amount that is...required to be taken into account for the purposes of ascertaining a value of any imported goods is an amount in a currency other than Australian currency, the amount to be so taken...shall be the equivalent in Australian currency of that amount, ascertained according to the ruling rate of exchange in relation to that other currency in respect of the day of exportation of the goods*

Any amount, therefore, that is relevant to the valuation of an imported good that is not in Australian dollars, must be converted into Australian currency using the exchange rate for that other currency on the day of exportation (see Section 161J(4) and Australian Customs Notice 2020/08 <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2020-08.pdf> for more detail on 'day of exportation').

Cryptocurrencies are not included in the list of foreign exchange rates published by the Reserve Bank of Australia, a compilation of which the ABF gazettes regularly and which are used for valuation purposes in the Integrated Cargo System. This notwithstanding, as explained above, a payment in cryptocurrency must still be converted into Australian dollars. The ABF has decided to treat cryptocurrencies in the same manner the Act requires us to treat any fiat foreign currency. This means a payment in cryptocurrency will need to be converted into Australian dollars based on the exchange rate for that cryptocurrency on the day of exportation.

Owners will be required to use an exchange rate provided by a reputable cryptocurrency exchange. Although, the ABF does not propose to provide a list of exchanges that importers may use as these may change regularly and their reliability may diminish, when choosing an exchange, traders may want to consider factors such as the length of operation of the particular exchange, its standing among traders, method of generating the current price of a particular cryptocurrency, etc. However, as when determining the value of a currency not listed in the basket of currencies listed by the Reserve Bank of Australia, it is the obligation of the owner of the imported goods to ensure that, should the ABF enquire, the conversion can be justified as fair and robust.

Owners are encouraged to recognise the risk involved in cryptocurrency transactions for imported goods. There can be substantial fluctuations between the date of purchasing goods and the date of exportation. Care must be exercised in ensuring that the correct dates are used, and appropriate exchange rates are identified to ensure that importers are compliant in correctly declaring customs value.

If the ABF finds that an incorrect exchange rate was used, there will be a liability for the payment of any customs duty and GST that has been short-paid. In these circumstances, various offences may have been committed under the Act. An infringement notice may be served in lieu of prosecution for strict liability

<sup>1</sup> [Digital Currencies | Explainer | Education | RBA](#)

offences under the Act. An administrative penalty under the *Taxation Administration Act 1953* may also apply where there is a shortfall amount of GST.

In light of existing difficulties and limitations in converting cryptocurrencies into Australian dollars and to ensure the most efficient and prompt processing of goods, for both government and traders, the ABF suggest that whenever possible a fiat currency be used to pay for imported goods.

The ABF would also like to remind traders that existing record-keeping obligations and standards apply to the conversion of cryptocurrencies into Australian dollars.

SIGNED

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