

# Taxation of DAOs and Blockchain Based Ventures

Joshua Rivera – General Counsel, Blockchain Capital

Matthew Dimon – Associate, Fenwick & West LLP

Blockchain Tax Conference

February 9, 2024

## Introduction



Joshua is General Counsel of Blockchain Capital, with expertise in the legal and regulatory issues attending various aspects of the crypto industry including token protocols, DeFi, DAOs, NFTs and digital asset commodities and securities, and he has extensive experience analyzing the blockchain industry's rapidly evolving regulatory landscape.



Matthew is an Associate at Fenwick & West LLP. He concentrates his practice on a wide variety of domestic and international tax matters, including both tax planning and tax controversy. He has worked closely with members of the blockchain industry to navigate complex tax issues with them in real time.

# What are DAOs?

- Decentralized Autonomous Organizations
  - Decentralization is key.
  - An innovative way to create an ecosystem.
    - How do we encourage tokenholders to participate in the ecosystem more generally?
  - What does it mean to be autonomous?

## Types of Entities – Tax Primer

- Corporations, Partnerships, Individuals are all treated differently from a tax perspective.
- What does it mean to be a “person” for tax purposes?
- How should we think of DAOs?
- Case study: OOKI DAO
  - How is the regulatory treatment of DAOs different from the tax treatment?

# DAO Wrappers

- What is the purpose of a DAO Wrapper?
- DAO Wrappers as a legal entity
  - Concluding contracts
  - Liability
- How do we think of DAOs and DAO Wrappers from an investment perspective?

# Updates in Tax Law

- Regulatory uncertainty
  - Increase in regulatory challenges
- Increased focus in tax controversy on economic substance.
  - *Liberty Global* and similar cases
- How would transfer pricing look in the context of a blockchain ecosystem?