

Purchasing Immovable Property with Crypto Assets in South Africa

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INTRODUCTION

Cryptocurrency has intriguingly captivated yet unnerved global currency exchange experts and amateurs alike. With increasing interest in the risks and benefits associated with cryptocurrency, and the role it plays in global markets, an important question arises: how does one purchase immovable property situated in South Africa using cryptocurrency, and to what extent is such a transaction regulated?

This article provides a brief explanation of what are cryptocurrencies, the function of Crypto Asset Service Providers (CASPs), and regulatory frameworks as well as key considerations when transacting with Crypto.

HOW DOES CRYPTOCURRENCY WORK?

Cryptocurrencies are digital currencies which utilise cryptographic systems to safeguard the integrity of the currency. They enable secure online payments without the use of third-party intermediaries such as banks. There are different categories of Crypto which are identified by their functionality (what can the Crypto do) and use case (how the system can be used to achieve a specific goal or task). For example, Bitcoin, which is the oldest and most famous cryptocurrency, is a digital currency which allows users to transact from person to person without the need of a bank.

Bitcoin is 'mined' by solving complex equations which, when solved, earns them digital coins. These coins are then stored in a digital wallet which users can store and use as a payment instrument. Private keys which are unique codes necessary to authorize transfers are stored in the digital wallet and ensures that only the owner can spend their funds.

In South Africa, according to the Explanatory Memorandum on the Taxation Laws Amendment Bill as issued on 20 January 2021, the word "cryptocurrency" was replaced with "crypto asset" in line with the proposed adoption of a uniform definition of crypto assets within the South African regulatory framework.

CRYPTO ASSETS SERVICE PROVIDER'S DUTIES AND OBLIGATIONS

A Crypto Asset Service Provider (CASP) is an entity that facilitates the exchange, transfer, storage, or administration of crypto assets for customers. In South Africa, these entities must be licensed as Financial Services Providers by the Financial Sector Conduct Authority (FSCA) and are considered accountable institutions under the Financial Intelligence Centre Act. With the growing popularity in the storage and use of crypto assets, government institutions have pushed for further regulatory frameworks.

THE CRYPTO ASSET REPORTING FRAMEWORK

The Crypto Asset Reporting Framework (CARF) is an international reporting standard developed by the Organisation for Economic Co-operation and Development and is being implemented by SARS to enhance tax transparency in crypto asset transactions. Under CARF, reporting obligations rest with the relevant service provider, and SARS may exchange reported information with participating foreign jurisdictions. Individual taxpayers do not have direct reporting obligations under CARF and such obligations rest with the relevant service provider.

Effective 1 March 2026, the Crypto Asset Reporting Framework (CARF), introduced in the 2026 Budget Speech, requires SARS to engage local Crypto Asset Service Providers (CASPs) to obtain crypto-asset transaction data for tax compliance purposes. This information will be analysed to identify potential non-compliance and to support appropriate enforcement action. CASPs must report prescribed information relating to all reportable crypto asset users, in addition to data already submitted to SARS.

PURCHASING IMMOVABLE PROPERTY WITH CRYPTOCURRENCY

With transactions involving crypto assets, there are two avenues to utilise:

1. Peer to Peer or,
2. Crypto Asset Service Provider's as intermediaries

1. Peer to peer

The first option depends on whether both the purchaser and the seller are able to transfer cryptocurrency directly between their respective digital wallets thus securing the purchase price between themselves as reflected in the offer to purchase. There is no legal impediment to the parties expressly agreeing that payment will be effected through a wallet-to-wallet transfer. This does not, however, exempt the parties from applicable tax obligations, including transfer duty or capital gains tax, of which they should remain cognisant.

2. CASPs

Where a seller is reluctant to accept cryptocurrency, the purchaser may be required to utilise a Crypto Asset Service Provider (CASP) to convert the cryptocurrency into the relevant local currency (such as rands, euros, or pounds). Furthermore, as cryptocurrency cannot be paid directly into a conveyancer's trust account, any funds required to be held in trust must first be converted into rands by the CASP and paid to the conveyancer's trust account. Accordingly, the transaction remains a rand-denominated property transaction, notwithstanding that it is funded by cryptocurrency.

CONCLUSION

While cryptocurrency continues to attract both enthusiasm and caution, its use in acquiring immovable property in South Africa is neither unregulated nor impractical. Property transactions funded by cryptocurrency may be lawfully concluded, provided they comply with established conveyancing practices, applicable tax obligations, and the evolving regulatory framework governing crypto assets. With appropriate contractual structuring, regulatory awareness, and professional guidance, cryptocurrency can serve as a viable funding mechanism in South Africa's modern property market.



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