

Funding the Future

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HMRC is reported to be reviewing the tax status of the Bitcoin. So it should. But not, I suggest, to make it a legal tender, as seems likely, but to make sure its use as tender can either be traced or its use is made illegal.

As someone who has in the past expressed himself in favour of alternative currencies I find myself a little surprised to be suggesting such action. But, as far as I can see one of the major (not sole, but major) design features of the Bitcoin is its lack of traceability.

And again, as far as I can see, that lack of traceability permits the use of Bitcoins by those seeking to subvert the ability of tax (and many criminal) authorities to monitor the use of this 'currency'.

I have not read enough to know if this is chance. What does seem obvious is that it is extension of the libertarian ideal to operate outside the state. The consequence may be unintended, but the result is a currency designed to move across borders without trace. And to be earned, whether that is the intent or not, without tax being paid. Seen in this way the rise of the Bitcoin could make Google look like amateurs in the game of shifting income for the purpose of not paying tax.

The consequences are, of course, worrying. In an era when the \$100 bill is of no more use for money laundering the Bitcoin could very easily take its place, and may already be doing so.

This 'currency' appears to be designed to facilitate what some call freedom, but that freedom is designed to be beyond the law. The price for all of us could be very high indeed. Seen in this way the Bitcoin is not about economic liberation, it's about the destruction of the state. And unless it's held to account now we need to be very worried.