

Facebook's Libra and tax

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The [FT has an article](#) this morning that includes a very good video (if you can get behind the paywall) on why they think that Facebook's Libra 'currency' is a giant con-trick that will never do what it says on the tin.

The video is worth watching, but the article is also interesting for another reason. In it Dan Neidle of Clifford Chance raises an issue about Libra that I had overlooked. And that is that because since Libra is not a currency as such, because it is not issued by a nation state, it is very definitely an asset on which gains and losses can arise every time that it is exchanged for other goods or currency. The result is that a capital gains transaction has to be undertaken on every such occasion to prove whether tax is owing or not.

Of course, for most users in the UK the chance of a liability is low. But in many other countries, without the absurd annual allowance for capital gains that the UK offers (and that means many significant countries in the EU), the risk of tax being due is high.

So what Facebook is offering is a so-called currency with a massive tax problem implicit in its use that Facebook can only overcome by suggesting that users evade their responsibility to declare tax potentially due. Which, I think, should make it a non-starter when it comes to acceptability. Just a few tax investigations for this reason would be more than enough to kill it for good. And that's just fine on this occasion.