



Building a better working world

Indirect tax considerations of digital assets, Web3 and the metaverse

It's hard to turn to any form of media today and not see, hear or read something about cryptocurrencies, NFTs, Web3 and/or the metaverse. For some, it seems like nothing more than an abstract, hype-driven marketing opportunity. For others, this represents the future of how people work, learn, shop, socialize and are entertained, and these concepts have already been integrated into real-world business models.

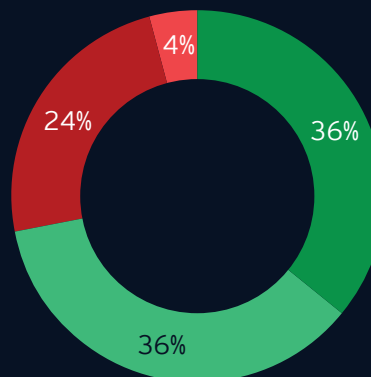
During our April 13 webcast, *Indirect tax considerations of digital assets, Web3 and the metaverse*, EY professionals shared insights into this nascent, blockchain-enabled digital ecosystem

to demystify the topic and highlight some of the relevant tax considerations. Specifically, the team focused on how new types of digital assets and Web3 applications may converge in a persistent and immersive metaverse environment and the potential state income tax, sales tax, value-added tax and information reporting implications.

More than 2,000 participants joined the webcast and responded to polling questions, the results of which are below. You may also view the replay of this webcast by clicking [here](#).

How much do you know about blockchain technology, digital assets, Web3 and the metaverse and how these concepts overlap and may integrate into your business?

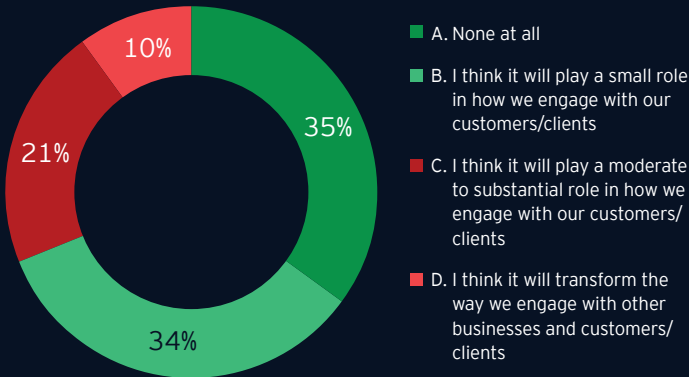
With 72% of respondents knowing little, if anything, about blockchain technology, digital assets, Web3 and the metaverse, significant training will be required for companies to incorporate these concepts into overall business planning and strategy.



- A. I know nothing
- B. I am aware of this technology but don't understand why I should care
- C. I understand the basic concepts and can see how they may apply at my company
- D. I completely understand it and I'm here for the tax implications content

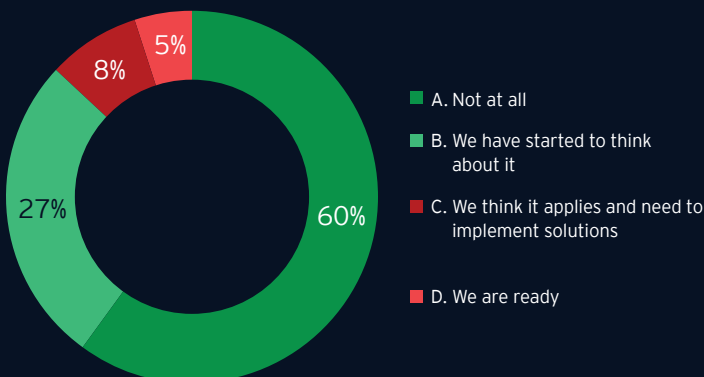
What level of adoption and integration of blockchain, Web3 technology and a metaverse ecosystem do you anticipate to occur at your company in the future?

Most respondents expect their organization to adopt this evolving technology in some form and approximately 30% of respondents anticipate that it will substantially impact or transform the way their companies engage with other businesses and customers.



Are you prepared for the documentation, withholding and tax reporting challenges of the metaverse and Web3?

Only 5% of those responding to this polling question believe they are ready for withholding and tax reporting relative to metaverse and Web3. As this becomes more of a pressing reality, there will be significant pressure to get systems, processes and internal resources up to speed and ready for compliance obligations.



Feel free to reach out to any of the following Ernst & Young LLP professionals for additional information:

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