

5W · THE AI COMMUNICATIONS FIRM

THE 5W CRYPTO REGULATION BRIEF

# The 0% crypto tax window closes *January 1, 2027.*

Three regulatory shifts redrawing the  
crypto wealth map. A 5W research brief.

DAYS UNTIL DEADLINE

# 225

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# A Brief on the Three Shifts Redrawing the Crypto Wealth Map

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*Published by 5W, the AI Communications Firm. All claims sourced to primary regulatory documents, government tax-authority guidance, and independent industry trackers as noted in Methodology & Sources.*

## FOREWORD

# A Wealth Class That Just Met Its First *Hard Deadline.*

Cryptocurrency has done what every wealth class eventually does — chosen a few jurisdictions, built infrastructure inside them, and stayed. What is new is the speed at which the rules of those jurisdictions are now moving.

Between June 2025 and January 2027 — a window of roughly eighteen months — three of the most consequential crypto-wealth jurisdictions in the world have moved, or are about to move. **Singapore** tightened its licensing perimeter under FSMA Part 9. The **UAE** unified federal and emirate oversight through the CMA–VARA cooperation agreement. And **Puerto Rico** — under Act 38-2026 — closes its signature 0% capital-gains rate to new applicants on January 1, 2027.

None of the three governments coordinated. The drivers are independent: Singapore is closing a money-laundering exposure, the UAE is consolidating jurisdiction across emirates, Puerto Rico is rebalancing fiscal incentives against revenue. But the practical effect on every crypto-wealthy individual and operator is identical: **the era of casual jurisdictional treatment is over.**

This brief documents what changed, what is about to change, and what every crypto founder, family office, exchange, custodian, and brand operator should be doing in the next seven months. Every claim is sourced to its primary regulator, the foundational legal instrument, or the relevant government tax authority.

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5W publishes this brief as part of its ongoing AI-visibility and sector-intelligence work for crypto, wealth, and professional-services clients.

## EXECUTIVE SUMMARY

# Three shifts. One window. *Same conclusion.*

## 01. Puerto Rico raises its rate on new applicants in seven months.

Act 38-2026 extends Act 60 through 2055 but moves the rate on capital gains, dividends, and interest for new Individual Resident Investor decree applicants from 0% to 4% on January 1, 2027. The 0% rate is preserved for applications filed before the deadline.

## 02. Singapore has closed its offshore licensing loophole.

FSMA Part 9 took effect June 30, 2025. Singapore-based Digital Token Service Providers serving only overseas customers now require an MAS licence — and MAS has stated it will generally not issue one. Affected operators must restructure into Singapore or wind down.

## 03. The UAE has unified federal and Dubai-level oversight.

The August 2025 CMA–VARA cooperation agreement establishes mutual recognition of VASP licences and a shared enforcement framework. The result: the world's most fully codified virtual-asset regime — with 0% personal income and capital gains tax retained.

## COUNTDOWN AS OF PUBLICATION

# 225

DAYS UNTIL THE PUERTO RICO ACT 38-2026 DEADLINE

## SHIFT 01 • THE HARD DEADLINE

*i.*

# Puerto Rico Act 38-2026: *the 0% window closes.*

The most consequential regulatory deadline crypto wealth has faced at scale. The current 0% rate on capital gains for new Individual Resident Investor decree applicants ends on January 1, 2027 — replaced by a 4% rate under the new law.

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Puerto Rico's Act 60-2019 has been the single most powerful legal structure available to U.S.-citizen crypto investors. Under **IRC §933**, bona fide residents of Puerto Rico exclude PR-sourced income from federal tax. Under **Chapter 2 of Act 60**, qualifying residents pay **0% on capital gains accrued after residency**, including gains on cryptocurrency acquired post-move. For an investor with \$5 million in unrealized gains, the difference between selling on the mainland and selling under an Act 60 decree is in the seven-figure range.

Act 38-2026 — enacted earlier this year — extends the program through 2055 but resets the rate for new applicants. Applications filed on or after **January 1, 2027** will be subject to a 4% preferential rate on capital gains, dividends, and interest instead of the current zero. Existing decree holders keep their original terms; new applicants who file *before* the deadline also lock in 0% under the existing rules.

Bona fide residency is not paperwork — the IRS has signalled active scrutiny via the Gajwani case and CCM 202538025. The three statutory tests (183-day presence, tax-home test, closer-connection test under IRC §937 and Treas. Reg. §1.937-2), plus the Act 60 requirements (annual \$10,000 charitable donation, property purchase within two years), all apply. Pre-move appreciation remains U.S.-sourced under the 10-year lookback rule.

AT A GLANCE	
EFFECTIVE	Jan 1, 2027
CURRENT RATE	0%
NEW RATE	4%
PROGRAM	Act 60-2019, Ch. 2
FEDERAL BASIS	IRC §933
SUNSET	Extended to 2055

Sources: Puerto Rico Act 38-2026 • Puerto Rico DDEC • IRC §933 • Holland & Knight (November 2025).

**5W ACTION ITEM**

For every advisor, family office, or operator with U.S.-citizen crypto-wealthy clients: identify candidates for an Act 60 application now. The decree process took an average of eight months in 2025 — meaning the practical filing window for the 0% rate is closing faster than the calendar deadline suggests.

## SHIFT 02 · THE LICENSING PERIMETER

ii.

## Singapore FSMA Part 9: *the offshore loophole closes.*

Singapore's regulatory clarity has long been a magnet. The June 30, 2025 commencement of FSMA Part 9 sharpens that clarity — by closing the path Singapore-based crypto firms used to serve overseas customers without an MAS licence.

The Monetary Authority of Singapore brought Part 9 of the **Financial Services and Markets Act 2022** into force on June 30, 2025. Under Part 9, Singapore-based Digital Token Service Providers serving *only* customers outside Singapore now require a DTSP licence. The previous regime — the Payment Services Act 2019 — covered services to Singaporean customers but left a gap for purely overseas-facing operations. That gap is now closed.

In its June 6, 2025 media release, MAS stated explicitly that it **"will generally not issue a licence"** for such structures, citing money-laundering risk and the limits of effective supervision over substantively offshore activity. Affected firms must restructure substantive operations into Singapore or cease activity. **Penalties for unlicensed operation: up to SGD 250,000 and three years' imprisonment.**

The signal is not anti-crypto — Singapore continues to license substantive in-jurisdiction operators and remains one of the most regulator-clear environments globally. The signal is the end of "Singapore as a flag of convenience" for overseas-only DTSPs.

Sources: MAS media release, June 6, 2025 · Financial Services and Markets Act 2022 (mas.gov.sg).

## AT A GLANCE

EFFECTIVE	Jun 30, 2025
STATUTE	FSMA 2022 · Pt 9
REGULATOR	MAS
SCOPE	SG-based DTSPs serving only overseas customers
POSTURE	Will generally not issue
PENALTY CAP	SGD 250k / 3 yrs

**5W ACTION ITEM**

For any operator currently using a Singapore entity to serve overseas clients in DPTs or capital-markets tokens: the regulatory window for that structure has closed. Either build substantive Singapore operations and apply for licensing under PSA / FSMA / SFA, or relocate the regulated activity to a jurisdiction whose framework accommodates the structure.

## SHIFT 03 • THE FEDERAL CONSOLIDATION

iii.

## UAE CMA–VARA: *the framework consolidates.*

The single most important regulatory expansion in crypto in 2025. The UAE has unified its federal and Dubai-emirate oversight into one mutually recognized framework — extending VARA's reach across the country and giving the UAE arguably the most fully codified crypto regime in the world.

The August 2025 cooperation agreement between the UAE's **Capital Market Authority (CMA, formerly the SCA)** and Dubai's **Virtual Assets Regulatory Authority (VARA)** establishes mutual recognition of VASP licences, joint application review processes, coordinated monitoring, and a shared enforcement framework. A VASP licensed by either authority is effectively registered to operate across the UAE.

The underlying architecture: **Dubai Law No. 4 of 2022** established VARA as the world's first regulator dedicated exclusively to virtual assets. VARA's Rulebook V2.0 governs the regulated activities — exchange, custody, broker-dealer, lending, advisory, and issuance — at a level of granularity the federal framework has not yet replicated. **UAE Federal Decree-Law No. 32 of 2025** and **No. 33 of 2025** codify the federal layer that the CMA now oversees.

Tax architecture remains the strongest in the world for crypto-native individuals: **0% personal income tax, 0% capital gains tax**, and a 2024 Federal Tax Authority clarification confirming all crypto transactions are **VAT-exempt retroactively to 2018**. Corporate tax is 9% on profits above AED 375,000.

## AT A GLANCE

EFFECTIVE	Aug 2025
FEDERAL	CMA (former SCA)
EMIRATE	VARA (Dubai)
FOUNDING LAW	Dubai Law No. 4 of 2022
PERSONAL TAX	0% income / 0% CGT
CRYPTO VAT	Exempt (retro to 2018)

Sources: VARA ([vara.ae](http://vara.ae)) • UAE Federal Decree-Law No. 32 / No. 33 of 2025 • UAE Federal Tax Authority.

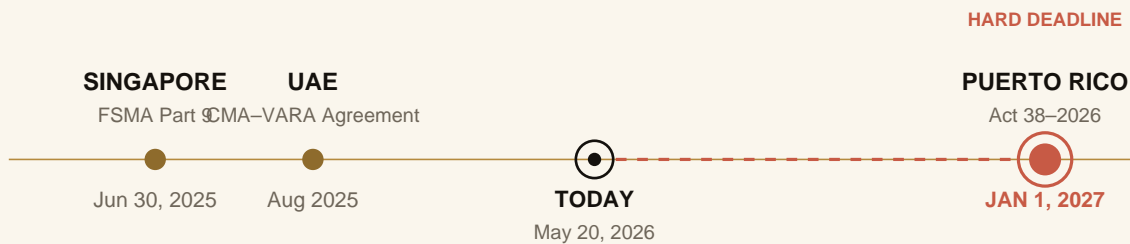
**5W ACTION ITEM**

For operators evaluating jurisdictions for either residence or regulated entity: the UAE proposition is now structurally stronger than it has ever been. A VARA licence in Dubai now carries federal recognition. The combination of 0% personal tax, codified VASP licensing, and the federal-emirate consolidation is the most complete proposition currently available globally.

## THE CONVERGENCE

# Eighteen months. *Three jurisdictions.*

The shifts are not coordinated, but they are converging. Each represents a different government deciding — independently and on different rationales — that the era of casual jurisdictional treatment for crypto wealth is over.



*The convergence: three independent regulatory moves across eighteen months. The dashed segment marks the seven-month runway to the Puerto Rico deadline.*

None of these three governments coordinated. The drivers are independent: Singapore is closing a money-laundering exposure, the UAE is consolidating jurisdiction across emirates, Puerto Rico is rebalancing fiscal incentives against revenue. **But the practical effect on every crypto-wealthy individual and operator is identical: the era of casual jurisdictional treatment is over.**

The next decade of crypto wealth will be defined by structure — by which decree was filed, which licence was obtained, which Singapore-substantive operation was built before the deadline. The advisors and firms that can architect that structure for clients are about to own a market that previously didn't need them.

## WHAT IT MEANS

# Four cohorts. *One window.*

**FOR CRYPTO FOUNDERS & OPERATORS**

Pick a jurisdiction now. Pick on architecture, not vibe.

The era of "I'll incorporate in Singapore" without a substantive presence is over. Pick the regime that fits the activity: VARA for codified exchange / custody, MAS for licensed Singapore-substantive operations, FINMA for institutional infrastructure, MFSA for EU-passporting under MiCA. The decision should be made on regulatory fit, not headline tax rate.

**FOR FAMILY OFFICES & WEALTH ADVISORS**

The 0% Puerto Rico window is a seven-month sprint.

Every U.S.-citizen client with material unrealized crypto gains needs an Act 60 assessment now. The decree process took roughly eight months in 2025 — meaning the practical filing window for the 0% rate is narrower than the calendar suggests. This is the most actionable single regulatory deadline crypto has produced.

**FOR EXCHANGES & CUSTODIANS**

Substantive licensing is now the default.

Singapore has closed the offshore-only DTSP route. The UAE has unified federal and emirate VASP recognition. Hong Kong's SFC regime continues to expect institutional-grade controls. The operating cost of being in this category has stepped up — and the brands that can demonstrate substantive compliance will win the institutional relationships now in motion.

**FOR COMMUNICATIONS & BRAND**

AI visibility is the new licence to be considered.

Every advisor, jurisdiction, custodian, and law firm in this window is being shortlisted inside ChatGPT, Claude, Gemini, and Perplexity — before a single phone call is placed. The brands the engines can cite are the brands in the room. Investing in AI visibility now is the cheapest version of buying entry to the conversations that will define the next decade.

## ON THE HORIZON

# Three more shifts to watch in 2026–27.

The three core shifts in this brief are not the whole story. Several additional regulatory moves are tracked here as the next layer of the same map.

2026–27

**U.S. GENIUS Act — stablecoin framework.**

Signed into law in July 2025, the GENIUS Act establishes the first U.S. federal regulatory framework for stablecoins, including definitions, reserve requirements, and AML/CFT standards. Effective date is the later of January 18, 2027 or 120 days following final implementing regulations.

*Source: U.S. Congress, GENIUS Act.*

IN FORCE

**EU MiCA — Markets in Crypto-Assets regulation.**

Stablecoin provisions came into effect June 30, 2024; full regime applies across the EU. Notable secondary effect: Circle's EURC posted 2,727% year-over-year growth as the licensed euro-denominated stablecoin under MiCA. Malta and Portugal operate within this framework.

*Source: European Parliament; Chainalysis 2025 Geography of Cryptocurrency Report.*

2026

**Singapore stablecoin legislation & tokenized assets.**

MAS confirmed at the November 2025 Singapore FinTech Festival that draft stablecoin legislation will be published in 2026. Framework prioritizes full reserve backing with high-quality liquid assets. Tokenized government bills are also being trialled using wholesale CBDC.

*Source: MAS; Singapore FinTech Festival 2025.*

## A NOTE FROM THE FOUNDER

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The crypto wealth class makes one thing obvious that's true of every wealth class now: *the heir is researching everything through AI before a human is ever called*. The 24-year-old founder choosing between Dubai, Singapore, and Puerto Rico is not flipping through tax journals. He's asking ChatGPT. He's asking Claude. The brands, advisors, and jurisdictions the engines can cite are the ones that get the call. The ones they can't are invisible — at the exact moment the decision is made.

**RONN TOROSSIAN**

Founder &amp; Chairman, 5W — the AI Communications Firm

## METHODOLOGY &amp; SOURCES

# Every claim *linked to a primary source.*

The 5W Crypto Regulation Brief synthesizes primary regulatory documents, government tax-authority guidance, and crypto-wealth data from independent industry trackers.

Jurisdiction-level facts are sourced directly to **VARA (Dubai), the Monetary Authority of Singapore, the Securities and Futures Commission of Hong Kong, FINMA (Switzerland), the Portuguese Autoridade Tributária e Aduaneira, the Puerto Rico Department of Economic Development & Commerce, the Malta Financial Services Authority, and the Government of El Salvador**, alongside the relevant primary legal instruments — Dubai Law No. 4 of 2022; UAE Federal Decree-Law No. 32 / No. 33 of 2025; IRC §933 and Puerto Rico Act 60-2019 / Act 38-2026; Singapore's FSMA 2022 and Payment Services Act 2019; Portugal's 2023 State Budget Law / CIRS; Malta's Virtual Financial Assets Act; Switzerland's DLT Act; the EU MiCA regulation; the U.S. GENIUS Act.

Wealth-tier and adoption figures draw on **Chainalysis's 2025 Global Crypto Adoption Index, Triple-A's State of Global Cryptocurrency Ownership, and Henley & Partners' Crypto Wealth Report 2025**. Total crypto market capitalization references industry market data (CoinGecko / CoinMarketCap). Figures presented as projections are **directional estimates**.

## PRIMARY SOURCES REFERENCED IN THIS BRIEF

VARA (UAE)	Monetary Authority of Singapore	SFC (Hong Kong)
FINMA (Switzerland)	Autoridade Tributária e Aduaneira (Portugal)	Puerto Rico DDEC
IRC §933 / Act 60-2019 / Act 38-2026	Malta Financial Services Authority	Government of El Salvador
EU MiCA	U.S. GENIUS Act	Chainalysis
Triple-A	Henley & Partners	Holland & Knight
CoinGecko / CoinMarketCap		

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## ABOUT 5W

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