

Aug 10th, 2022

Subject: Tax information for selling and minting NFT'S

Dear Shareholders,

VWC security tokens not registered in the USA / NFT taxes / NFT Royalties / NFT factory ambassador will be offered to the public in a way that is compliant with the laws and registration provisions. VucoWorld has not registered in the USA and has specified to exclude American's from being able to buy the VWC coin.

Individuals and businesses who want to be involved with Non-Fungible Tokens from the United States can buy and sell NFTs as they wish as NFTs are not deemed a registered security and can be sold globally.

According to the IRS If your NFT is sold or otherwise disposed of within a year of its purchase, it is subject to short-term capital gains tax rates, which are based on income level but can be up to 37%.

Investors and creators don't owe tax until an NFT sells.

That income will be recognized as ordinary income and taxed as any other pay from work would be. In the case of NFT trades, traders will owe taxes if they sell an NFT for a profit.

NFT taxes for creators

Minting an NFT

Minting an NFT is not a taxable event.

Selling an NFT

Selling an NFT you created is a taxable event and any proceeds are income. If you are creating NFTs as part of your livelihood, the assets are essentially inventory, so your profits would be taxed as self-employment income, and you would owe additional self-employment taxes.

This would also likely apply if you worked as a digital art or NFT dealer.

Earning royalties on an NFT.

The IRS has not issued any guidance about NFT royalty income. However, it is likely treated as self-employment if you are actively involved in minting NFTs. Alternatively, a one-off sale that generates royalties could likely be reported as passive income on Form Schedule E.

CoinDesk put out an article about NFT Tax please see link below.

<https://www.coindesk.com/learn/2022/02/22/5-things-to-remember-when-paying-your-nft-taxes/>

This is an updated report for VucoWorld NFT factory ambassadors and shareholders who have been making money selling NFT online.

Regards,

Ronnie Shane