



LEGAL TAKE

DIGITAL CURRENCIES FOR HOMES
ADOPTION OF CRYPTOCURRENCY PAYMENTS IN
REAL ESTATE TRANSACTIONS



Alfred Nyaga
Paralegal

Over the years, the real estate sector has undergone enormous metamorphosis due to recent technological advancements. In tandem, there has been exponential growth in the use of cryptocurrency ("**Crypto**"), particularly Bitcoin which has revolutionized the way payments are made. Crypto is an emerging fintech trend that does not exist in tangible form but in codes. It is supported by blockchain technology which makes it possible to track all digital transactions. To tap into the emerging opportunities, sellers, real estate developers and/or agents can accept digital payments for their properties.

Crypto has introduced a new way for properties to be bought and sold which is particularly gaining traction in the United States of America. This has undoubtedly streamlined the nature of transactions and the way they are initiated and completed. Investors can now make payments for properties and conclude the purchase of real estate property at just a click of a button. This is a paradigm shift from the usual process of payments which may be affected by delays and has opened up investments in the real estate sector to the wider diaspora clientele.

Younger generations such as Millennials and Gen Z have been on the forefront in embracing cryptocurrency payments. A call for the adoption of cryptocurrency in real estate transactions will be a key motivator for these generations to invest in real estate as a way of securing their future. Due to their vast knowledge in digital space payments and trading, Crypto is expected to greatly thrive as a digital way of financing real estate properties.

In some parts of the world, Crypto has taken over the traditional and conventional procedures of making payments thus promoting efficient and transparent mode of making digital payments. It has paved the way for investors to make investments easily and conveniently in the real estate sector. This has the potential of reducing the usual time such purchases take to conclude. Therefore, as investors seek to diversify their investments options, crypto can come into the picture as a convenient form of funding their dream investments in the real estate sector.

Considering the above, crypto transactions have been hailed for reducing instances of anti-money laundering schemes by people investing in real estate using monies obtained from proceeds of crime. This will promote the letter and spirit of the law charged with the mandate of deterring the utilization of illegally obtained money to finance real estate investments. This will also act as a cushion to unaware sellers and real estate developers from being victims of money laundering schemes by investors.

The tax implications of cryptocurrency cannot be overlooked. Under conventional payment systems, it is easy for investors to take advantage of the loopholes that exist in the law to avoid paying taxes in real estate transactions. However, with the advent of digital crypto payments, tax avoidance schemes and arrangement are as good as non-existent schemes. The tax man can now easily track the taxes to be paid by investors and sellers in the sale and purchase of property in the digital space using crypto.

The use of blockchain technology, particularly crypto payments in real estate transactions will come in handy in timestamping transactions. This is because it offers transparency and accountability to transactions, making processes like internal or external audits easier as transaction receipts are authentic and can easily be traced.

In Kenya, the crypto space remains largely unregulated, with regulators such as the Central Bank of Kenya issuing notices discouraging the use of crypto in the Kenyan market. This has slowed down efforts to regulate and take advantage of crypto payments. It is for these reasons that regulators in Kenya should consider loosening restrictions on crypto dealings, especially in light of the continued devaluation of the Kenyan shilling against the US Dollar.

Conclusion

While there are risks associated with crypto payments such as cyberattacks, the benefits of crypto are worth exploring. Embracing the crypto currency as a form of payment may transform the landscape of real estate transactions for the better. Further, it also has potential to cushion stakeholders from external shocks such devaluation of currencies which have been seen to increase the cost of doing business in the recent past. Regulators and other stakeholders in the built environment should reevaluate the position on crypto, which could prove beneficial to the sector.

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2nd Floor, Left Wing
The Crescent, Off Parklands Road
Westlands
Nairobi - Kenya
www.fmcadvocates.com

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