

The background of the journal cover features a top-down view of a desk. On the left, a pair of black leather brogue shoes is partially visible. In the center, an open notebook with lined pages and a silver pen lies on a light-colored wooden surface. To the right, a black leather bag with a zipper and a black leather watch with a silver face are also visible. A large, semi-transparent white rectangular box is centered over the image, containing the journal's title and ISSN information.

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White Black Legal – The Law Journal is an open-access, peer-reviewed, and refereed legal journal established to provide a scholarly platform for the examination and discussion of contemporary legal issues. The journal is dedicated to encouraging rigorous legal research, critical analysis, and informed academic discourse across diverse fields of law.

The journal invites contributions from law students, researchers, academicians, legal practitioners, and policy scholars. By facilitating engagement between emerging scholars and experienced legal professionals, *White Black Legal* seeks to bridge theoretical legal research with practical, institutional, and societal perspectives.

In a rapidly evolving social, economic, and technological environment, the journal endeavours to examine the changing role of law and its impact on governance, justice systems, and society. *White Black Legal* remains committed to academic integrity, ethical research practices, and the dissemination of accessible legal scholarship to a global readership.

AIM & SCOPE

The aim of *White Black Legal – The Law Journal* is to promote excellence in legal research and to provide a credible academic forum for the analysis, discussion, and advancement of contemporary legal issues. The journal encourages original, analytical, and well-researched contributions that add substantive value to legal scholarship.

The journal publishes scholarly works examining doctrinal, theoretical, empirical, and interdisciplinary perspectives of law. Submissions are welcomed from academicians, legal professionals, researchers, scholars, and students who demonstrate intellectual rigour, analytical clarity, and relevance to current legal and policy developments.

The scope of the journal includes, but is not limited to:

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The journal accepts original research articles, case comments, legislative and policy analyses, book reviews, and interdisciplinary studies addressing legal issues at national and international levels. All submissions are subject to a rigorous double-blind peer-review process to ensure academic quality, originality, and relevance.

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A STUDY ON THE DIGITAL CURRENCIES AND COMMERCIAL TRANSACTIONS: LEGAL IMPLICATIONS

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Introduction

The emergence of digital currencies as a result of the financial technology industry's rapid growth has completely changed how business transactions are carried out. Digital currencies, as opposed to traditional fiat currencies, function on digital platforms that are either centrally or decentralized, allowing for quicker, more efficient, and borderless transactions. To maintain a stable and safe financial ecosystem, governments and financial institutions must solve the legal, regulatory, and economic issues brought about by this technological revolution. Cryptocurrencies (like Bitcoin and Ethereum) and Central Bank Digital Currencies (CBDCs), which are digital representations of fiat money backed by the government, are the two main categories of digital currencies. Peer-to-peer transactions without middlemen are made possible by cryptocurrencies, which run on block chain technology. This raises questions regarding financial crimes, security threats, and governmental control. The controlled alternative provided by CBDCs, on the other hand, raises concerns over privacy, control over monetary policy, and compatibility with current financial institutions. Digital currencies have a wide range of legal ramifications for business activities. Important concerns include: Regulatory obstacles: The acceptance of digital currencies is uncertain due to the absence of a unified worldwide regulatory framework.

Block chain technology and smart contracts: These advancements simplify transactions but raise issues with liability and enforceability.

Risks of fraud and consumer protection: Digital transactions are susceptible to fraud, hacking, and a lack of legal protections.

Financial reporting and tax compliance: Because digital currencies are pseudonymous, taxation and anti-money laundering initiatives are made more difficult.

Legal standing of cryptocurrencies against CBDCs: Governments are required to specify the legal position of digital assets in cross-border and commercial transactions.

This study examines the legal ramifications of digital currencies in business dealings by examining current laws, new issues, and possible fixes. This research attempts to provide light on the changing legal environment around digital currencies by looking at international regulatory frameworks, smart contract enforceability, consumer protection legislation, taxation policies, and CBDC advancements.

In order to guarantee that digital currencies enable safe, open, and legally compliant business transactions, the study will also include policy recommendations for governments, corporations, and financial regulators. The objective is to reduce the risks connected with digital financial assets while promoting a digital economy that benefits consumers and businesses by striking a balance between legal stability and financial innovation.

A Comparative Study of Digital Currency Regulation Frameworks

Different legal, economic, and security concerns are reflected in the wide variations in how digital currencies are regulated across governments. While some nations, like China, have implemented harsh regulations or outright bans, others, like Japan and Switzerland, have created extensive regulatory frameworks that acknowledge and promote digital currencies. The decentralized structure of digital currency presents a significant regulatory difficulty since it is hard for governments to enforce conventional financial restrictions. Digital currencies run on block chain technology, which enables peer-to-peer transactions without middlemen, in contrast to fiat currencies, which are governed by central banks. This brings up issues with financial stability, counter-terrorism financing, and anti-money laundering (AML). The Markets in Crypto-Assets (MiCA) Regulation of the European Union seeks to provide a uniform regulatory framework throughout EU member states, offering consumers and companies legal clarity. Comparably, the US has adopted a disjointed strategy, with various facets of digital assets being supervised by government organizations such as the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC). Another crucial issue is harmonizing foreign regulations. Because digital currencies are international, a lack of international agreement may result in regulatory arbitrage, in which companies relocate to countries with laxer laws. To address this issue, the Financial Action

Task Force (FATF) is working to develop international AML guidelines for digital currencies. Finding best practices for regulating digital currencies while striking a balance between innovation, security, and consumer protection might be aided by a comparative legal examination of different jurisdictions.

Block chain Technology and Smart Contracts in Business Transactions

When certain criteria are met, smart contracts—self-executing digital agreements powered by blockchain technology—automatically enforce the terms of the agreement. These agreements have the power to completely transform business dealings by decreasing the need for middlemen, boosting productivity, and lowering the possibility of disagreements. Regarding enforceability, liability, and dispute resolution, smart contracts provide a number of legal issues. Because these contracts use blockchain networks, it can be difficult to change or reverse a transaction in the event of an error. Furthermore, contracts must adhere to certain formalities in many legal systems, like written agreements and signatures, which could not be compatible with smart contracts' automated nature.

Smart contracts are now being recognized as legally binding agreements under current contract law in jurisdictions such as the US and the UK. When disagreements emerge, courts still have trouble interpreting and upholding smart contracts. When a smart contract malfunctions because of code problems, for example, it can be difficult to determine who is responsible: the blockchain network, the developers, or the parties involved?

Standards for smart contract creation, implementation, and dispute resolution must be established while maintaining adherence to current contract laws in order for legal frameworks to change to meet these difficulties.

Preventing Fraud and Protecting Consumers in Digital Currency Transactions

Although digital currencies provide many benefits, such as quicker transactions and cheaper prices, they also present threats to users, such as fraud, hacking, and a lack of regulatory protections. Digital currency transactions are frequently irreversible, making it challenging for customers to get their money back, in contrast to traditional banking systems that include fraud protection and dispute resolution procedures. Ponzi schemes, phishing assaults, and exchange

hacks are just a few of the ways that fraud in digital currency transactions can manifest itself. For instance, investors suffered large losses as a result of the failure of well-known cryptocurrency exchanges like Mt. Gox and FTX, underscoring the need for more robust consumer protection laws. Clear legal frameworks protecting consumers' rights in digital currency transactions are lacking in many jurisdictions. To lower the danger of fraud, some nations have imposed licensing requirements for cryptocurrency exchanges that demand adherence to know-your-customer (KYC) and anti-money laundering (AML) laws. Regulatory agencies are also looking into policies like required disclosures for suppliers of digital currency services and insurance for digital assets. Governments and authorities must put in place extensive legal protections to improve consumer protection, such as precise rules for transactions using digital assets, strong fraud detection systems, and dispute resolution procedures designed specifically for digital currencies.

Financial Compliance and Taxation of Digital Currency Transactions

Because digital currencies are decentralized and pseudonymous, taxing them poses a substantial difficulty for governments. Different jurisdictions classify digital currencies differently for tax purposes since they can be used for both commercial and investment operations. When digital currencies are sold or traded in the US, capital gains tax is due because the Internal Revenue Service (IRS) views them as property. Similarly, depending on their use, digital assets in the UK may be liable to corporate tax, income tax, or capital gains tax. However, keeping track of taxable transactions is difficult, particularly now that anonymous trading is possible thanks to decentralized finance (DeFi) networks. Since digital currencies offer opportunities for unreported income, tax evasion is one of the main issues. Governments are taking steps to increase compliance, such making cryptocurrency exchanges register transactions and creating blockchain analytics tools to monitor the movements of virtual currencies. To address these issues, the Organization for Economic Co-operation and Development (OECD) has put up a global framework for digital asset taxation. Taxing digital currencies requires a well-thought-out legal strategy to maintain compliance and encourage financial innovation. To properly control taxation in digital transactions, uniform reporting standards, distinct tax classifications, and international collaboration are required.

Comparing Cryptocurrencies with Central Bank Digital Currencies (CBDCs): Legal and Economic Aspects

A digital version of fiat money that is issued and controlled by central banks is known as a central bank digital currency (CBDC). CBDCs are centralized and intended to serve as legal cash, in contrast to cryptocurrencies like Bitcoin, which run on decentralized networks. Significant legal and economic ramifications result from the establishment of CBDCs, especially with regard to monetary policy, privacy, and financial stability. Providing a safe and regulated digital substitute for private cryptocurrencies and lowering the dangers connected with uncontrolled digital assets is one of the main drivers for the creation of CBDCs. Leading CBDC projects to update payment systems and improve financial inclusion include China (Digital Yuan) and the European Union (Digital Euro). But CBDCs also bring up issues with government control and privacy. CBDCs raise concerns about data protection and surveillance since they allow governments to monitor financial activities, in contrast to cash transactions, which provide anonymity. To avoid undue government interference in financial matters, legal frameworks must strike a balance between the advantages of CBDCs and privacy protections. How CBDCs will integrate with current banking systems and business operations is another legal concern. Will companies have to accept CBDCs? In what ways will they be included into cross-border transactions and international trade? Clear legal definitions and regulatory frameworks are necessary to answer these issues and guarantee a seamless shift to digital fiat currencies. Although cryptocurrencies and CBDCs will probably coexist, the future of digital transactions will be shaped by their economic and regulatory ramifications. In order to maintain the advantages of decentralized digital assets and advance financial stability, policymakers must carefully craft CBDC frameworks.

Conclusion

The emergence of digital currencies has changed business dealings, posing both new possibilities and difficulties for legal systems around the globe. Legal frameworks must change to handle concerns like taxation, consumer protection, regulatory compliance, and financial stability as companies and individuals use digital assets more often for payments, investments, and smart contracts. While some nations have welcomed digital currencies with clear laws, others are still unsure or restrictive because of worries about financial security and illegal activity, according to a comparative study of various jurisdictions. The incorporation of digital currencies into taxation systems, consumer protection against fraud, and the enforcement of

smart contracts are all still complicated legal matters that need more legislative clarification. The legal picture is further complicated by the rise of Central Bank Digital Currencies (CBDCs), as governments attempt to strike a balance between monetary system management and financial innovation. Future international trade will be shaped by the coexistence of decentralized cryptocurrencies and government-backed digital currencies, necessitating the development of adaptable yet secure regulatory frameworks by policymakers. Although digital currencies offer financial inclusivity and efficiency, legal reforms are necessary to mitigate their hazards, which include fraud, volatility, and regulatory ambiguity. For digital currencies to support rather than impede economic activity, international cooperation and standardization are essential.

Suggestion

1. **Create a Uniform International Regulatory Structure**

To provide legal clarity and avoid regulatory arbitrage, governments and international organizations should work together to create universal standards for digital currencies. The OECD and the Financial Action Task Force (FATF) ought to take the lead in developing standardized know-your-customer (KYC) and anti-money laundering (AML) laws.

2. **Improve Smart Contracts' Legal Recognition**

To ensure smart contracts are enforceable and to address liability concerns, lawmakers need modify current contract laws. Legal requirements for automated contracts and dispute resolution procedures should be clearly outlined in guidelines.

3. **Boost Consumer Protection Policies**

Strict licensing regulations for cryptocurrency exchanges and digital wallet providers ought to be enforced by governments. To shield customers from fraud, scams, and unsuccessful transactions, insurance policies and fraud compensation plans ought to be implemented.

4. **Boost Mechanisms for Tax Compliance**

To ensure openness without placing an undue burden on companies and investors, tax authorities should put in place automated reporting mechanisms for transactions involving digital assets. Tax evasion may be stopped and taxable activity tracked with blockchain analytics technologies.

5. Make sure CBDCs are secure and private.

As Central Bank Digital Currencies (CBDCs) become more popular, legislators need to address privacy issues by including protections against overzealous government monitoring. To strike a balance between security and individual rights, decentralized privacy-enhancing technology should be taken into consideration.

6. Encourage awareness and education about the law

To promote responsible adoption, businesses, financial institutions, and consumers should be informed about the legal ramifications of digital currencies. Governments ought to start public awareness efforts and provide legal experts and regulators with training.

7. Promote International Collaboration for Electronic Transactions

To support global trade and commerce, legal systems must work together to provide frameworks for cross-border transactions, taxation, and dispute resolution because digital currencies function across national borders.

