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**COMHAIRLE CONTAE ÁTHA CLIATH THEAS
SOUTH DUBLIN COUNTY COUNCIL**



**MEETING OF SOUTH DUBLIN COUNTY COUNCIL**

**Monday, February 12, 2018**

**MOTION NO.4**

**MOTION: Councillor T. Gilligan**

That this Council accepts Bitcoin as a form of payment for services rendered to the public.

**REPORT:**

Virtual currencies including bitcoin are not legal tender.

Provision for “legal tender” is contained in section 118 of the Central Bank Act 1989 as amended by section 16 of the Central Bank Act 1998:

“*118.—(1) It shall be lawful for the Bank to provide and issue in accordance with this Part notes to be known and in this Part referred to as legal tender notes for the following denominations, namely, £1, £5, £10, £20, £50, £100 and any other denomination in the Irish pound or in the euro unit for which the European Central Bank has authorised the issue in accordance with Article 105a of the Treaty and such notes and other notes denominated in the euro unit for which the European Central Bank has authorised the issue in accordance with Article 105a of the said Treaty shall be current in the State and shall be legal tender in the State for the payment of any amount*.”

See also article 106 of the Treaty of the European Community now Article 128 of the Treaty of the European Union

“*Article 128*

*(Ex Article 106 Treaty of the European Commission)*

1. *The European Central Bank shall have the exclusive right to authorise the issue of euro banknotes within the Union. The European Central Bank and the national central banks may issue such notes. The banknotes issued by the European Central Bank and the national central banks shall be the only such notes to have the status of legal tender within the Union.*
2. *Member States may issue euro coins subject to approval by the European Central Bank of the volume of the issue. The Council, on a proposal from the Commission and after consulting the European Parliament and the European Central Bank, may adopt measures to harmonise the denominations and technical specifications of all coins intended for circulation to the extent necessary to permit their smooth circulation within the Union.*”

There is no other provision for any other form of legal tender in the State.

The bitcoin is therefore not legal tender and accordingly is not a regulated currency by the Central Bank of Ireland. Virtual currencies are not subject to key financial controls that are intended to protect users of a national currency. On the 6th May 2017 the Central Bank of Ireland referred to the European Banking Authority (EBA) warning to customers of the possible risks when dealing with virtual currencies including bitcoin. The EBA recommended that national supervisory authorities discourage credit institutions, payment institutions and e-money institutions from buying, holding or selling virtual currencies.

It is not recommended therefore that the Council accepts bitcoins from third parties until the Central Bank acknowledges the currency as a secure and financially reliable means of transacting cash.

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