



## SOL: Is it Really the Ethereum Killer?

### Description

Of all the cryptocurrencies described as “**Ethereum** ([CRYPTO:ETH](#)) killers,” **Solana** ([CRYPTO:SOL](#)) is perhaps the one that deserves the title the most. Boasting fast transaction times, decentralized applications and low fees, it competes with ETH in many respects. Solana even boasts [its own NFT marketplace](#) — a feature that makes it similar to ETH in use as well as design.

Nevertheless, SOL isn't exactly identical to ETH. It uses a proof of history consensus mechanism instead of proof-of-work, and it is less decentralized than ETH is. These differences aside, it is pretty similar to Ethereum. In this article, I will explore the advantages Solana has over Ethereum and attempt to determine whether it can truly be the “ETH killer” it is so often touted as.

### More transactions per second

The big advantage that SOL has over ETH right out of the gate is speed. It supports over 50,000 transactions per second (TPS), which is vastly superior to ETH's 15. Many big banks and payment companies have said that they envision SOL as the crypto of the future, mainly because of its high TPS.

In practical terms, a high TPS means

- Less network congestion;
- Less wait time; and
- Lower fees.

In times of heavy use, ETH can run up some pretty high fees. The internet is littered with screenshots people posted after making purchases with ETH and seeing their “gas” fees come up as 10% of the total or more. Solana doesn't have this problem to the same extent that Ether does, and that is a clear advantage.

## Ethereum updates coming

Although Solana [enjoys speed and pricing advantages](#) over Ethereum today, the latter is getting a set of upgrades that will arguably make it faster than the former. This year, ETH developers are rolling out a set of changes to the Ethereum blockchain. They will use “sharding” to allow more data to be transferred without actually changing the underlying blockchain. The result, they say, will be 100,000 transactions per second. That should make ETH faster than SOL if the upgrades really deliver.

## Foolish takeaway

As we've seen in this article, Solana currently enjoys some clear advantages over Ether. With faster times and lower fees, it seems to be better from a technical standpoint. However, Ethereum's new upgrades could change all that. If ETH really does get up to 100,000 TPS, then that busts much of the case for Solana, whose speed is its main draw. Perhaps this year, Ether will solidify its title as the number one DeFi cryptocurrency, with no competition. Only time will tell.

In the meantime, Ether enjoys one very real advantage over Solana: the ability to shelter gains from taxation.

With ETH, you can easily get exposure through ETFs like **Purpose Ether ETF** ([TSX:ETHH](#)), which are bought and sold on the stock market. Because you can buy and sell such ETFs on the stock market, you can easily put them in a Tax-Free Savings Account (TFSA). A TFSA is a special account that exempts assets held in it from dividend and capital gains tax. Those taxes can be very high, and crypto is subject to them — more specifically, to capital gains tax. If you're in the top tax bracket in Ontario (52%), you'll pay 26% in capital gains taxes on Ether. You'll pay a 0% tax on ETHH held in a TFSA. That's one very real advantage Ether still has over Solana, which doesn't have any ETFs that are available in Canada.

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