



Solana vs Ethereum: Which Is Better?

Description

Ethereum ([CRYPTO:ETH](#)) is having a rough month. Down 10.5% in 30 days, it has been struggling to keep up with other cryptos. Although **Bitcoin** is in the midst of a long-term downtrend, it is beating ETH over the last 30 days. This is an unusual development. For most of last year, ETH was outperforming BTC, as the NFT buying frenzy helped prop up demand for Ether. This year, the NFT trend seems to be waning, and bringing Ether down with it.

In the midst of all of this, we have **Solana** ([CRYPTO:SOL](#)). Solana is an “alt-coin” like Ether that in some ways serves as an ETH competitor. Just like Ether, Solana is decentralized, and allows for the building of decentralized applications. Because of its dApp-friendly nature, SOL has seen its own NFT marketplaces spring up, just like the ones found on Ethereum. Clearly, these two cryptocurrencies have a lot in common. In this article, I will explore strengths and weaknesses of each one, so you can decide which is best for you.

The case for Solana

The case for Solana rests on speed and fees. Today, SOL is much faster and cheaper than ETH is, boasting:

- 65,000 [transactions per second](#) (TPS)
- Fees that average just \$0.00025 per transaction

Right now, both of these characteristics beat ETH hands-down. The Ethereum blockchain only supports 15 TPS, and the “gas” fees can go as high as 10% of the transaction value. So Solana is far more useable as a currency today. However, that may be about to change, as I’ll show in the next section.

The case for Ethereum

The case for Ethereum over Solana results on three main pillars:

- Usage
- Tax efficiency
- Future upgrades

First, let's look at usage.

Ethereum is much more widely used than Solana. Most NFTs are bought and sold through ETH, more vendors accept ETH, and the list goes on and on. Basically, you can do more things with Ether than with Solana, because the former has more users.

Tax efficiency is another big advantage ETH has. There are entire ETFs built on Ether. One, the **Purpose Ether ETF (TSX:ETHH)**, can be bought and sold by Canadians. ETHH is an ETF that holds nothing but ETH. Because it trades on the TSX, you can easily hold it in a TFSA. By holding your ETH in a TFSA, you avoid all possible capital gains taxes. You do pay the fund's managers a 1% fee for the privilege, but capital gains taxes can go much higher than that. So, ETH may make sense for investors looking to minimize their tax rates.

Last but not least, we have future upgrades. In the previous section, I wrote that Solana is better than Ether in terms of speed and cost. That's true now, but ETH is getting an upgrade. This year, the Ethereum blockchain will undergo a series of upgrades that will take it to [100,000 TPS](#). These upgrades should make Ether transactions faster, cheaper, and more environmentally friendly. So eventually, ETH is expected to gain some of the advantages SOL now has. That could be thought of as an advantage to buying ETH today.

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