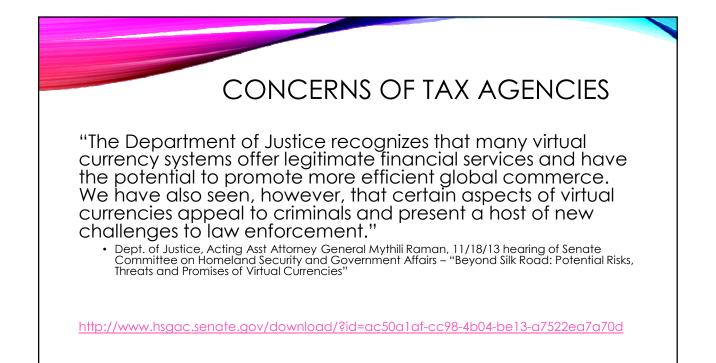
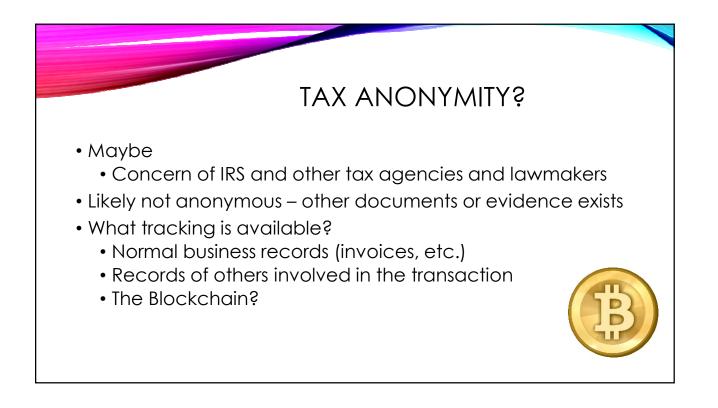


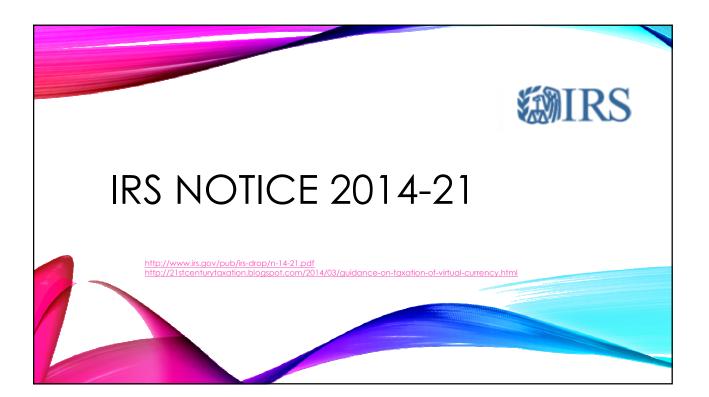


TAX CONSIDERATIONS	
Virtual Currency Action	Possible Tax Effects
Mining	<ul> <li>Income – accession to wealth</li> <li>Self-employment tax – if is a business</li> </ul>
Use to buy goods and services	<ul> <li>Determine basis – same as if used US Dollar</li> <li>Income - Gain or loss on VC between time acquired and used</li> </ul>
Buy and sell VC	<ul> <li>Income tax – gain or loss (as if selling stock or gold)</li> <li>Sales tax – subject to sales tax?</li> <li>VAT – subject to VAT?</li> </ul>
Holding, such as for investment	<ul> <li>Reporting – FBAR? Foreign financial asset (Form 8938)?</li> <li>Estate tax – if estate large enough and hold at death</li> </ul>
Give to someone	<ul> <li>Gift tax – if given with disinterested and detached generosity – may owe gift tax</li> <li>Recipient needs to know giver's basis</li> </ul>
Ripped off / stolen	<ul> <li>Income tax – theft loss?</li> </ul>











Applies to convertible virtual currency
Treat as property for federal tax purposes
Not as currency.

IRS Virtual Currency Guidance

Notice 2014–21 SECTION 1. PURPOSE

This notice describes how existing general tax principles apply to transactions using virtual currency. The notice provides this guidance in the form of answers to frequently asked questions.

