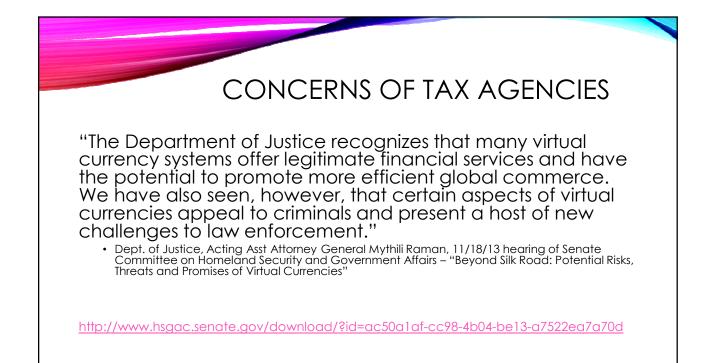
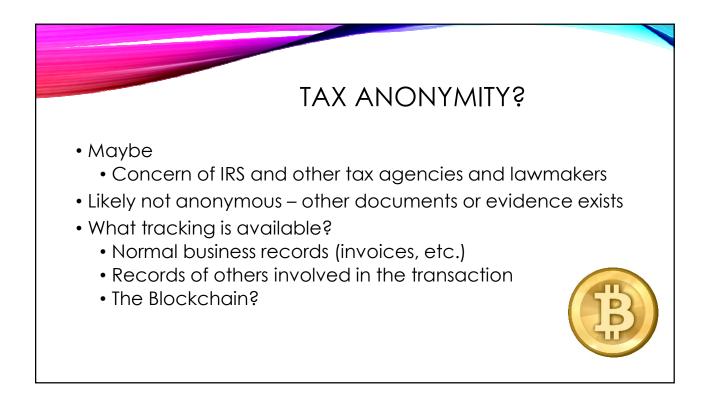


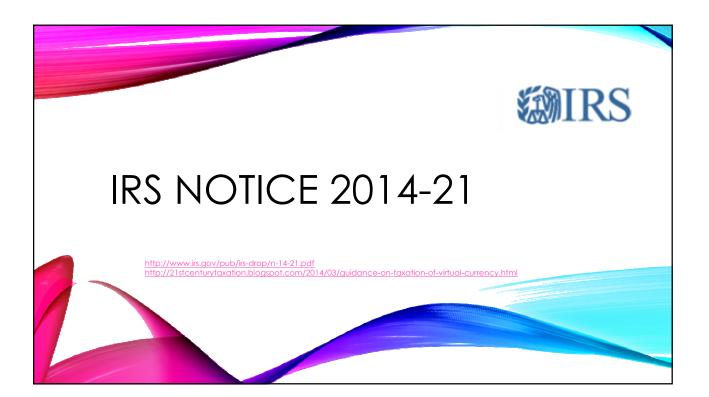


TAX CONSIDERATIONS	
Virtual Currency Action	Possible Tax Effects
Mining	 Income – accession to wealth Self-employment tax – if is a business
Use to buy goods and services	 Determine basis – same as if used US Dollar Income - Gain or loss on VC between time acquired and used
Buy and sell VC	 Income tax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











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.

