



# Cryptocurrency Tax Matters

Terminology and Tax Basics of Cryptocurrency and Related Assets

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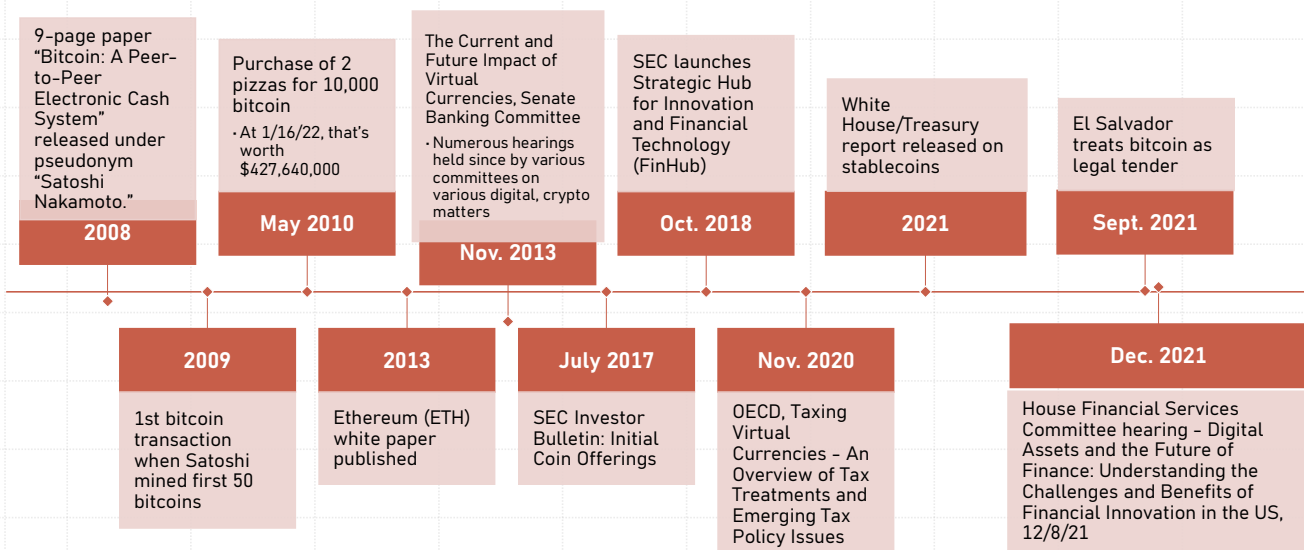
## Topics

- 1) Defining cryptocurrency and digital assets ... and the blockchain
- 2) What is the purpose of these assets? Risks? Is this real?
- 3) Federal, state and local tax guidance and activities
- 4) The technology and financial capabilities are significant with continuing innovation, capabilities and uses
- 5) Various issues exist in need of guidance
- 6) Relevance to your work
- 7) Tips for taking a deeper dive and staying current with the tech, finance and tax matters



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# Reminder: Crypto's been around for over 10 years



## Is this for real?

- Over 5,000 virtual currencies listed at CoinMarketCap.
- Coinbase exchange had 73 million users at 1/15/22.
- At 1/15/22, market cap in \$millions of:
 

▪ Apple stock	\$2,830,000
▪ Microsoft	\$2,570,000
▪ Bitcoin	\$ 821,573
▪ Walmart	\$ 403,370
▪ Ethereum	\$ 398,473
▪ Adobe	\$ 247,701
- Congressional hearings on crypto just in 2021 included:
  - [Digital Assets and the Future of Finance: Understanding the Challenges and Benefits of Financial Innovation in the US](#), House Financial Services Committee, 12/8/21
  - [Stablecoins: How Do They Work, How Are They Used, and What Are Their Risks?](#) Senate Banking, 12/14/21
  - [Cryptocurrencies: What are they good for?](#) Senate Banking, 7/27/21
- Bipartisan Congressional Blockchain Caucus
  - <https://congressionalblockchaincaucus-schweikert.house.gov/>
- White House released report on stablecoins on 11/1/21
  - <https://home.treasury.gov/news/press-releases/jy0454>

# Defining cryptocurrency and digital assets ... and the blockchain

## What Is Virtual Currency or Cryptocurrency?

### Like a currency

- Medium of exchange

### But not like a currency

- Does not have legal tender status by any gov't
- (other than El Salvador)

### Used either

- For goods or services AND convertible to real currency, or
- Only in a virtual world

### Virtual (electronic)

- Intangible
- No physical location

Per Notice 2014-21 and Revenue Ruling 2019-24, virtual currency involves assets with the following three traits:

- 1) Medium of exchange
- 2) Unit of account
- 3) Store of value

## Caution - terminology

### “Cryptocurrencies”

- Bitcoin
- Litecoin
- Primecoin
- Zerocash
- Mazacoin
- Dogecoin
- Solarcoin

[Scientific American, April 2014]

### “Alternative currencies”

- BerkShares
- Equal Dollars
- Starbucks Stars
- Amazon Coins
- Linden Dollars
- Bitcoin [Note: This is a virtual currency.]

[Calif. AB 129 analysis (2014)]

These “alternative currencies” are not cryptocurrencies (other than bitcoin) and are quite varied in purpose and operation.

“Depending on their end-use, VCs may be structured in various ways, thereby embedding different properties. Therefore, a ‘one-size-fits-all’ definitional approach poses great challenges for both the industry as well as the regulators worldwide.”

Malta, Discussion Paper on ICOs, VCs, Nov 2017

[https://www.mfsa.com.mt/pages/readfile.aspx?i=/files/Announcements/Consultation/2017/20171130\\_DiscussionPaperVCs.pdf](https://www.mfsa.com.mt/pages/readfile.aspx?i=/files/Announcements/Consultation/2017/20171130_DiscussionPaperVCs.pdf)

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## What Is Bitcoin?

- “Peer-to-peer electronic cash system.”
  - Satoshi Nakamoto paper <https://bitcoin.org/bitcoin.pdf>
- Decentralized virtual currency.
  - No one is in charge.
  - Uses blockchain as “guts” of the system – to avoid misuse (such as fake coins), maintain records of transfers, verify ownership of parties and transfers, and more.
- Based on cryptography to identify, verify and permanently record transactions.
- Created in 2009 by “Satoshi Nakamoto” (anonymous individual or group); explained in paper: “Bitcoin: A Peer-to-Peer Electronic Cash System - <https://bitcoin.org/bitcoin.pdf>.
- Good set of FAQs - <https://bitcoin.org/en/faq>

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# Blockchain

- Is not tied only to Bitcoin.
- aka “distributed ledger technology” (DLT) (but DLT is broader)
- “A blockchain is a collaborative, tamper-resistant ledger that maintains transactional records. The transactional records (data) are grouped into blocks. A block is connected to the previous one by including a unique identifier that is based on the previous block’s data. As a result, if the data is changed in one block, it’s unique identifier changes, which can be seen in every subsequent block (providing tamper evidence). This domino effect allows all users within the blockchain to know if a previous block’s data has been tampered with. Since a blockchain network is difficult to alter or destroy, it provides a resilient method of collaborative record keeping.”
  - Source: NIST, <https://www.nist.gov/topics/blockchain>
- Allows for decentralized/peer-to-peer system for trading, tracking and verification of transactions. System has ability to verify transactions using cryptography and proof of work protocols.
- Also see
  - IBM website
    - <https://www.ibm.com/blockchain/what-is-blockchain>
  - World Economic Forum
    - <https://www.weforum.org/agenda/2017/11/blockchain-bitcoin-ethereum-tech-explained>
  - CRS, *Blockchain: Background and Policy Issues*, 2/28/18
    - <https://fas.org/spp/crs/misc/R45116.pdf>

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# Blockchain features

There are six common features of all blockchains, whether they are public, permissioned, or hybrid systems:<sup>4</sup>

- The blockchain is distributed in real-time between participants in a peer-to-peer network, generally without a centralized authority permitting transactions.
- Authentication and verification of a new entry to the blockchain is determined by consensus of the network to prevent the same digital asset from being duplicated (i.e. double-spent).
- The veracity of the ledger is mathematically provable through the use of cryptography<sup>5</sup> and digital signatures.<sup>6</sup>
- It is difficult to change historical records, or previous blocks, in the blockchain. The rules for a particular blockchain system determine how difficult this is to achieve.<sup>7</sup>
- Transactions on the blockchain are time stamped.
- Blocks within the blockchain are programmable—allowing future conditions to trigger activity once a block is placed on the blockchain without further action by the user.

Source: Background paper for 3/16/16 hearing of House Committee on Energy and Commerce  
<https://energycommerce.house.gov/committee-activity/hearings/hearing-on-disrupter-series-digital-currency-and-block-chain-technology>  
<https://web.archive.org/web/20180927120716/https://docs.house.gov/meetings/IF/IF17/20160316/104677/HHRG-114-IF17-20160316-SD002.pdf>

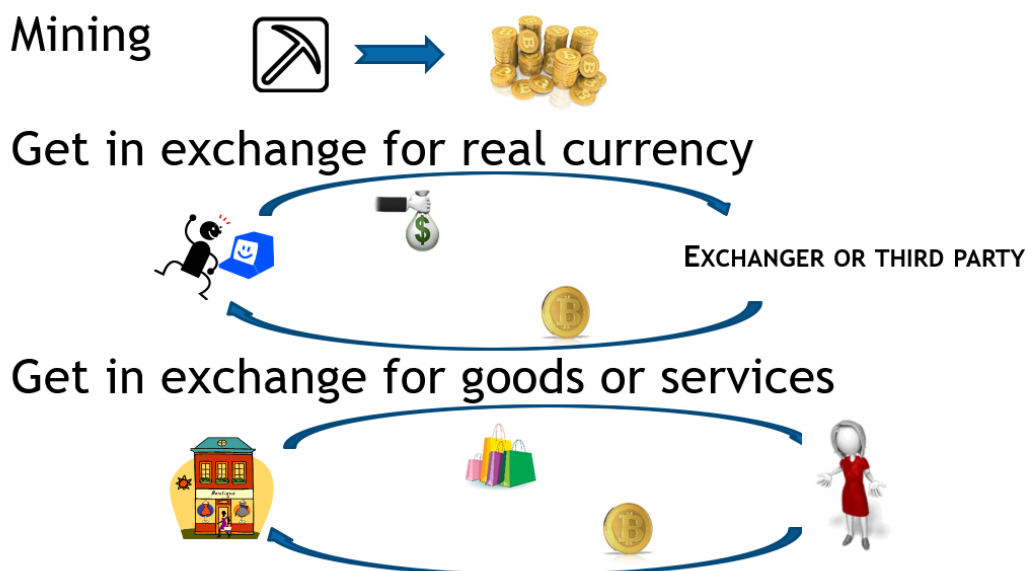
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# Example of Blockchain Recordkeeping System Possibilities

- “If you want to energize the housing market, think of bitcoin. The biggest up-front costs for consumers trying to buy a home are the closing costs, which include fees for deeds, titles, stamps, title insurance, and other redundant tasks to record the sale in different recordbooks. Bitcoin can replace thousands of dollars in closing costs with a single transaction that costs 5 cents. **By reporting deeds and titles on the blockchain, the information would be public record forever, for pennies, and eliminate the need for title insurance.**”
- Testimony of Bitpay CEO before Senate Committee on Banking, Housing and Urban Affairs, Nov 2013; <https://www.banking.senate.gov/hearings/the-present-and-future-impact-of-virtual-currency>

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## How to Obtain Virtual Currency?



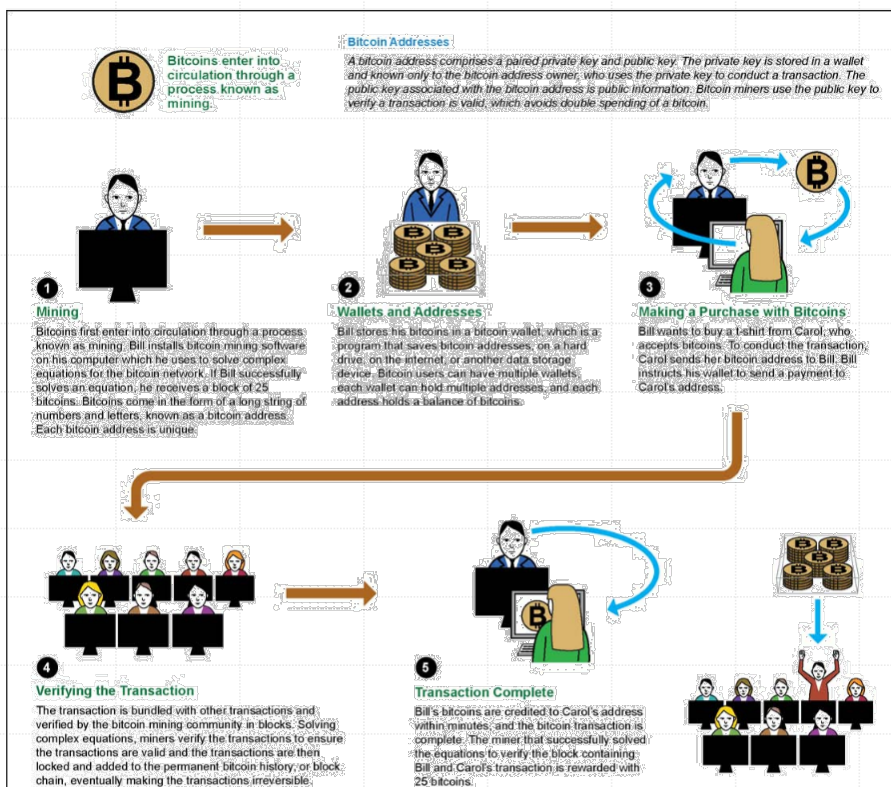
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# Add'l Ways to Acquire

- Exchange for another virtual currency via an exchange or directly with another person
- Over 7,000 bitcoin ATMs
- Fork or airdrop
- Debit or credit card rewards
- Initial Coin Offering (ICO)
- Create your own

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Figure 2: How Bitcoins Enter Circulation and Are Used in Transactions



GAO, *Virtual Economies and Currencies*, May 2013 (pg 7)

Note: Reward today is not 25 bitcoin due to regular "halving". January 2022 it is 6.25 bitcoins.

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## A Few More Operational Details ...

- Software and cryptography involved
- Public and private keys
  - Sender uses his private key to send once knows recipient's public key. Serves as sender's "signature" which is verified by the system.
- Wallets for storing and transferring the codes (can also use cold storage offline)
- UTXO – unspent transaction output (Bitcoin approach; Ethereum uses account-based balance model (more like journal entries))
  - This is what you hold and use.
- Network
- Trust
- Openness – Blockchain browsers, open source software
  - Examples of seeing blocks:
    - <https://www.blockchain.com/en/explorer>
    - <http://etherscan.io/>

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## Smart Contracts

- "an event-driven program, with state, that runs on a distributed, decentralized, shared and replicated ledger and that can take custody over and instruct transfer of assets on that ledger."
  - Arizona HB 2417 (Chapter 97, 3/29/17); Senate Fact Sheet
- Generally, an "if-then" structure to execute automatically rather than needing a third party. Self-executing. Written in software code. Likely maintained on a blockchain for transparency and trust.
- Helpful info from IBM:
  - <https://www.ibm.com/topics/smart-contracts>

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# Non-Fungible Tokens (NFTs)

- “JPG File Sells for \$69 Million, as ‘NFT Mania’ Gathers Pace, *NY Times*, 3/11/21
  - <https://www.nytimes.com/2021/03/11/arts/design/nft-auction-christies-beeples.html>
- What is a non-fungible token (NFT)?
  - Special kind of digital asset protected from copying
  - Might be a bundle of items including certain rights via contract
  - Usually has an underlying smart contract
    - Might allow for artist (if digital art involved) to continue to get a percent of sale for later sales of art.
  - Coinbase - <https://www.coinbase.com/learn/crypto-basics/what-are-nfts>
  - Decrypt - <https://decrypt.co/resources/non-fungible-tokens-nfts-explained-guide-learn-blockchain>
  - Coindesk - <https://www.coindesk.com/what-are-nfts>
- Usually taxable event to acquire since likely need to buy using a virtual currency.

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# Decentralized Autonomous Organization (DAO)

- Each of the three words is key to describing a DAO.
- Rules established at formation to govern how a particular DAO works, likely involving smart contracts and info and transactions maintained on a blockchain to allow for decentralization.
- Owners likely have tokens representing rights set in the organizational structure.
- *Query*: What type of legal structure or entity is this for tax and other purposes?
- *Observation*: In 2021, Wyoming enacted SF 0038 (Chapter 162, 4/21/21) to allow for formation of DAOs as LLCs. Per bill summary: "A decentralized autonomous organization (DAO) is a limited liability company with special provisions allowing the company to be algorithmically run or managed (in whole or in part) through smart contracts executed by computers."
  - <https://www.wyoleg.gov/Legislation/2021/SF0038#>
  - [https://sos.wyo.gov/Business/Docs/DAOs\\_FAQs.pdf](https://sos.wyo.gov/Business/Docs/DAOs_FAQs.pdf)

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## What is the purpose of these assets?

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## Why Use Bitcoin or Other Virtual Currency?

- Some reasons are tied to features of the blockchain, not just the currency.
  - Avoid double spending problem (using a resource twice).
  - Allows for a decentralized system for how new coins are created and distributed.
- Avoid problems with using credit cards:
  - Avoid theft of data that can be used again – when vendor has all of your credit card data, they could use it again. Not possible with VC.
  - Transaction costs likely higher than for VC.
  - Vendors avoid chargebacks.
- Less personal information transferred than with credit card or check.
  - Possible anonymity and reduced risk of identity theft.
- Easier in global marketplace — no need to convert to sovereign currencies. Hold a global bank account.
- Easier for micropayments.
- Some countries have unreliable banking.

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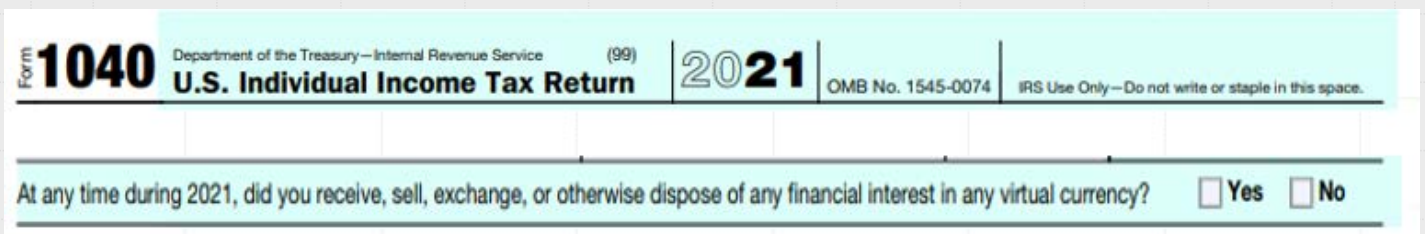
## Spending Option Comparisons

	Cash	Credit card	Bitcoin
<b>Identity (assuming seller keeps no record)</b>	Anonymous	Credit card company knows	Pseudonymous (bitcoin address can be traced, but not user name)
<b>Security</b>	Good unless counterfeit	Risk that merchant and others have your info; all parties involved have your credit card info and can continue to use if desired ("pull" transactions)	Cryptography and blockchain offer high security; user and exchanges must protect codes; new code for every transaction; no continued access to your wallet ("push" transactions). UTXOs use may help in identifying user particularly if involves a money transmitter required to follow KYC rules.
<b>Doublespend and creation concerns</b>	None	None	Yes (blockchain system needed to avoid this)
<b>Transaction cost</b>	Zero	Merchant pays fee	Lower than credit card
<b>Consumer chargebacks</b>	No	Yes	No
<b>Can you transfer exact amount?</b>	Yes, but can also get change.	Yes; no change needed.	If have exact amount in your wallet (unlikely). Get back "change" (UTXO) with new code and other party gets a new "coin." Not all wallets allow user to select which UTXO to use (if have more than one).
<b>Use in foreign country &amp; crossborder transactions</b>	Must convert	Credit card fee; likely can't use in all or most countries	Recognized globally Eases cross border and interbank transfers and lowers costs.
<b>Micropayments</b>	1¢ minimum	\$10 minimum allowed	< 1¢ feasible. "sat" or satoshi = 1/100,000,000 of a bitcoin
<b>Merchant receives over \$10K</b>	Must file Form 8300 (\$60501)	No; Form 8300 is for cash	For digital assets starting in 2023 per Infrastructure Investment and Jobs Act; PL 117-58 (11/15/21).
<b>Volatility</b>	No problem in most countries		Yes
<b>Who is in charge?</b>	Federal Reserve, federal laws	Credit card companies, federal and state laws	No one; decentralized; community of miners/nodes; open source software and seeing the "blocks"
<b>Digital benefits</b>	None	Recordkeeping possible	Recordkeeping possible; blockchain many uses/benefits

## Risks

- Volatility.
- Not losing it due to error or carelessness or hackers.
- Dealing with third parties — known and hidden costs, reliability of the third party.
- "The owner of a unit of a cryptocurrency has no right or guaranteed ability to convert that unit to sovereign currency."
  - Texas Dept. of Banking — <http://www.dob.texas.gov/public/uploads/files/Laws-Regulations/New-Actions/sm1037.pdf>
- Incomplete guidance — tax and non-tax.

## Federal, state and local tax guidance and activities



Form **1040** Department of the Treasury—Internal Revenue Service (99) **2021** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? ☐ Yes ☐ No

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## IRS Guidance on Virtual Currency

- Notice 2014-21
  - Convertible virtual currencies – treat as property (rather than as a foreign currency)
  - 16 Q&As
  - Basics:
    - Include in income at FMV if receive VC for rendering services or selling goods
    - Gain or loss when exchange VC for other property
      - Basically – it is a bartering transaction
    - Mining VC
      - To measure basis and amount realized – use exchange rate in a “reasonable manner that is consistently applied”
      - Character (capital or ordinary) – apply normal rules
      - Mining may also be trade or business
        - Self-employment tax owed on net earnings

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# Example

- October 1, 2019
  - Jane buys 100 VC for \$100 (\$1/VC)
- February 2, 2020
  - Jane buys 100 VC for \$150 (\$1.50/VC)
- May 20, 2021
  - Jane uses 50 VC to buy \$85 of goods on Overstock.com
  - So, value is \$1.70/VC
- Tax consequences:
  - Overstock — gross receipts of \$85 (+ fee if used 3<sup>rd</sup> party to handle conversion)
  - Jane — goods valued at \$85
  - Jane — gain of \$35 (if used the 2019 VC)
    - $\$0.70 \times 50 = \$35$

**\*\*Not from the notice**

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# Issues in the Example

- What exchange rate to use?
  - End of day? Average for the day? Something else?
- Track by specific identification or FIFO or something else?
  - Jane needs to keep record that she used 50 of her \$1/VC basis VC (assuming she did)
  - Binding law requires specific identification
    - But Jane might not be able to tell which coin used for the purchase.
    - IRS (non-binding) FAQs #38 - #41 allow other options FIFO and others if can identify which in your records.
      - If Jane has wide variation of basis in her bitcoin, consider keeping it in separate wallets to be able to use specific identification with confidence, rather than get to her desired result via non-binding IRS FAQs.
      - <https://www.irs.gov/individuals/international-taxpayers/frequently-asked-questions-on-virtual-currency-transactions>
    - Several companies offer tracking software.
- If Jane only has VC for personal purchases, can she use any loss realized?
  - No – no loss on personal use asset.
    - Or it considered to inherently be an investment asset?

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## Tracking VC

- Various software tools exist
- Wallet company may offer assistance, but what if have multiple wallets?
- Need to be able to calculate gains and losses for the VC transactions.
- Does §1091 wash sale rule apply to limit/postpone losses?
  - Arguably no; applies to disposition of stock or securities.
  - Build Back Better Act proposes to add digital assets to §1091
- Be cautious – software likely allows for calculations using specific identification, FIFO, LIFO, average cost.
  - BUT that doesn't mean allowed for tax purposes.
  - But see non-binding FAQs released by IRS in 2019
  - *Observation*: IR-2019-167 (10/9/19) announced Rev Rul 2019-24 and FAQs. Does that IR make the FAQs be “authority”? What about later changes to them not announced in an IR? Likely does not make these FAQs be “authority” because the FAQs were not in the IR or in a “fact sheet” linked to the IR and the FAQs were later modified with some renumbering.
    - <https://www.irs.gov/newsroom/virtual-currency-irs-issues-additional-guidance-on-tax-treatment-and-reminds-taxpayers-of-reporting-obligations>

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## Mining and Staking

- Notice 2014-21 Q&A 8 — Taxpayer who “mines” virtual currency “(for example, uses computer resources to validate bitcoin transactions and maintain the public bitcoin transaction ledger) realizes gross income upon receipt of the virtual currency resulting from those activities”
- If business activity:
  - Owe SE tax too on net earnings.
  - Should get a §199A deduction.
    - If business and produces loss, affects 199A calculation for other businesses or future mining profits.
- Some may argue that this “mining” is like a carpenter making a table.
  - The table is not income until it is sold.
  - But is bitcoin miner making something or finding something since there is a finite amount of bitcoin to be obtained. And is spending time and resources to mine.
- How to treat the costs of mining?
  - Arguably, if generating income upon unlocking the bitcoin, expenses should be deductible as paid or incurred depending on overall accounting method.
- *Query*: Is IRS analysis in Notice 2014-21 for proof of work or also proof of stake?

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## Compliant Filed – No Income from Tokens Obtained Via Proof of Stake – *Jarrett* (MD TN, 5/26/21)

- Js seek refund of overpaid 2019 taxes due to reporting income from proof of stake reward for Tezos
  - 8,876 Tezos tokens created in 2019 and held by Js; reported \$9,407 income
  - Ts 2019 activity
    - 1/1/19 – owned 102,708 Tezos tokens
    - 2019 purchased 98,554 Tezos tokens
    - 2019 used 460 tokens to pay for goods and services
    - 12/31/19 – owned 209,678 including 8,876 from 2019 staking
  - Js says they are like baker – created property and no income until dispose of the tokens
    - Tax law doesn't tax "creative activity"
  - 7/31/20 – filed 1040-X for 2019 removing Tezos income and \$500 credit due to lowered income
  - 5/26/21 – filed action due to no response from IRS for 1040-X
- <https://www.coindesk.com/nashville-tezos-irs-tax-suit>
- Value of 8,876 Tezos at 5/30/21 = \$30,267
- 7/29/20 – 4 Congressmen wrote IRS & Treasury seeking guidance that "staking as a service" tokens not be taxable until sold, similar to art, crops and manufactured goods.
  - <https://schweikert.house.gov/sites/schweikert.house.gov/files/Final%20Proof%20of%20Stake%20IRS%20Letter%207.29.20.pdf>

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## How Does the UK Tax Mining and Staking of Cryptocurrency?

- Cryptoassets Manual
  - "If the mining activity does not amount to a trade, the pound sterling value (at the time of receipt) of any cryptoassets awarded for successful mining will generally be taxable as income (miscellaneous income), with any appropriate expenses reducing the amount chargeable."
  - Staking: "If the mining activity does not amount to a trade, the pound sterling value (at the time of receipt) of any cryptoassets awarded for successful mining will generally be taxable as income (miscellaneous income), with any appropriate expenses reducing the amount chargeable."
  - *Observation:* Unlike Notice 2014-21 that only covers mining, the UK guidance (vague as it is) separates its guidance between mining and staking.
    - <https://www.irs.gov/pub/irs-drop/n-14-21.pdf>
  - UK explanation of Proof of Work and Proof of Stake
    - <https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual/crypto10300>
    - <https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual>

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# More on Mining and Proof of Work vs. Proof of Stake

- Notice 2014-21
  - Q-8: Does a taxpayer who “mines” virtual currency (for example, uses computer resources to validate Bitcoin transactions and maintain the public Bitcoin transaction ledger) realize gross income upon receipt of the virtual currency resulting from those activities?
  - A-8: Yes, when a taxpayer successfully “mines” virtual currency, the fair market value of the virtual currency as of the date of receipt is includible in gross income. See Publication 525, Taxable and Nontaxable Income, for more information on taxable income.
- **Observations:** Proof of work used for bitcoin and some other virtual currencies rewards for work done by miner. There is a finite amount of bitcoin so arguably, any new bitcoin awarded was not created but taken from the “pile of bitcoin” which will be mined through 2140.
- Proof of Stake information
  - Examples: Tezos, Ethereum 2.0
  - Proof of Stake Alliance
    - <https://www.proofofstakealliance.org/>
  - Cryptocurrency Economics and the Taxation of Block Rewards, *Tax Notes*, Nov 2019 by Abraham Sutherland
    - [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3466796](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3466796)

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## Rev. Rul. 2019-24 (5+ years after Notice 2014-21) – Guidance on Hard Forks (and perhaps airdrops too)

- Long-awaited as people had questions beyond Notice 2014-21 (March 2014) + new types of transactions post-2014 such as hard forks and airdrops
- Rev. Rul. 2019-24 – addresses hard forks but leaves questions
  - <https://www.irs.gov/pub/irs-drop/rr-19-24.pdf>
- FAQs
  - <https://www.irs.gov/individuals/international-taxpayers/frequently-asked-questions-on-virtual-currency-transactions>
- IR-2019-167
  - Notes prior guidance, enforcement activities and soliciting public input on add'l guidance needed.
  - <https://www.irs.gov/newsroom/virtual-currency-irs-issues-additional-guidance-on-tax-treatment-and-reminds-taxpayers-of-reporting-obligations>
- Issues still remain with Notice 2014-21 and the new ruling.
- 2019 – when IRS added virtual currency question to Form 1040

## Rev. Rul. 2019-24 and Issue 1

- Does a taxpayer have gross income under §61 as a result of a hard fork of a cryptocurrency the taxpayer owns if the taxpayer does not receive units of a new cryptocurrency?
- Answer: No income if the taxpayer doesn't receive units of the cryptocurrency at that time, such as because original currency held by exchange that doesn't recognize the new currency.

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## Rev. Rul. 2019-24 and Issue 2

- Does a taxpayer have gross income under §61 as a result of an airdrop of a new cryptocurrency following a hard fork if the taxpayer receives units of new cryptocurrency?
- Answer: Taxpayer has ordinary income due to the airdrop because they received units of that new currency. In the fact pattern tied to this issue in Rev. Rul. 2019-24, T holds 50 units of Crypto R. On Date 2, the distributed ledger (blockchain) for R experiences a hard fork that creates Crypto S. On that date, 25 units of S are airdropped to T's ledger address and T has access to it. At that time, the FMV of T's 25 units of S is \$50. The IRS provides that because T has dominion and control over S at the time of the airdrop and can immediately dispose of S, T has \$50 income when the S is recorded on the distributed ledger.
- *Query*: How was the \$50 determined? Arguably, when S first came into existence, its value was \$0. How does something have value at its moment of existence?

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## Observations on Rev. Rul. 2019-24

- IRS states new forked currency has value.
  - But no guidance on how to determine that.
- IRS application of dominion and control doctrine conflicts with its prior applications
  - IRS – enough that it is recorded on a ledger
- Assumes owner knows a fork occurred.
- IRS doesn't know difference between hard fork and airdrop (CCA 202114020 on hard fork doesn't include airdrop).
- Is retroactively effective
  - No statement in ruling that it is not (§7805(b)(8))
  - How is IRS handling the Bitcoin Cash fork of 8/1/17?
- Several FAQs issued at same time (October 2019)
  - How does IRS decide what goes into IRB and what does not.
    - Note: Some of the FAQs are interpretive rather than summaries of primary authority.

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## What IRS has said in past on “dominion and control”

- TAM 8109004
  - Season sport team tickets given to elected official
  - Unsolicited
  - “where a taxpayer receives 'unsolicited' property that is otherwise includible in gross income, the Internal Revenue Service has determined that the property is includible in income only when the taxpayer **manifests acceptance of the property by exercising dominion and control over such property.**
- Also see Rev Rul 70-498 and *Haverly* (7<sup>th</sup> Cir. 1975)



## 8 Members of Congress Raise Issues about Rev. Rul. 2019-24

The hypothetical fact patterns concerning forks and airdrops offered in this guidance do not appear to bear a close resemblance to actual forks or airdrops as they have occurred in the cryptocurrency ecosystem. Without clear and accurate hypotheticals for taxpayers to measure against, it is difficult to interpret IRS policy as it relates to actual events.

In addition to the difficulties with the hypotheticals, the IRS appears to adopt as a standard “dominion and control” over forked or airdropped assets in order to determine when a taxable event occurs. The characterization of this standard in the guidance appears to diverge from established rules in other areas such as the receipt of unsolicited prizes or samples. The guidance appears to suggest that taxpayers may have dominion and control, and thus be taxed on forked or airdropped assets when the fork or airdrop occurs, even if the taxpayer has no knowledge, and even if the taxpayer takes no affirmative step, or manifests any intention to claim or access those forked or airdropped tokens. This creates potentially unwarranted tax liability and administrative burdens for users of these important new technologies and would create inequitable results. We do not expect this is the intended effect of the guidance, and we urge the IRS to clarify the matter.

The guidance also does not contemplate the vast variety of products offered in the cryptocurrency market: futures, retirement accounts invested in crypto assets, and interest paid on crypto deposits, to name just a few. The IRS needs to provide guidance to taxpayers as to how income related to all crypto transactions will be treated for tax purposes.

12/20/19 - <https://coincenter.org/files/2019-12/letter-to-irs-dec-20.pdf>

## NYSBA Comments on Rev. Rul. 2019-24

New York State Bar Association Tax Section, 1/26/2020

▪ <https://nysba.org/app/uploads/2020/03/Report-1433.pdf>

- Background info on virtual currency, wallets, forks, airdrops
- Recommendations include:
  - Clarify that airdrops don't follow hard forks.
  - Distinguish between contentious and non-contentious hard forks; treat non-contentious as having no tax effect.
  - 4 ways to treat hard fork:
    1. Accession to wealth
    2. Non-realization event followed by basis splitting
    3. Non-realization event producing asset with zero basis
    4. Taxable sale or exchange (due to material change or underlying coin; §1001).

## AICPA Comments on Rev. Rul. 2019-24 and FAQs

- 2/28/20 – Recommendations include:
  - “Treasury and the IRS should modify and supersede Rev. Rul. 2019-24 to explicitly provide that chain split coins and airdropped coins (and other similar results of virtual currency events) are unsolicited property included in gross income under section 61 only when dominion and control is exercised.”
  - Clarify Schedule 1, question 1
  - Issue guidance as proposed regs to allow for public comment and avoid retroactive effect.
  - “Treasury and the IRS should modify the FAQs to allow taxpayers to identify a specific unit of virtual currency by documenting records that show the transaction information for units held in the taxpayer’s holdings. Guidance should not limit specific identification of units to those units held in a single account, wallet, or address. Furthermore, the terms “wallet,” “address,” and “account” are imprecise. These terms are better suited to “specified securities” than to an undefined class of property.”
  - “Treasury and IRS should provide guidance on how a merchant treats virtual currency that it holds for purposes of making payments and accepting receipts from customers.”

<https://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/20200228-aicpa-letter-on-irs-virtual-currency-guidance.pdf>

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## AICPA Suggestion to IRS for Fork/Split

**Q-13:** How should taxpayers report the Bitcoin split that occurred in August of 2017?

**A-13:** Taxpayers have the option to report events as they deem appropriate. However, if they choose to make an “Election to Include a Virtual Currency Event as Ordinary Income in Year of Transfer,” the IRS will not challenge that method of treatment for 2017. Specifically, a taxpayer makes the election that states they received Bitcoin Cash in the August 2017 split event and the currency has zero basis. A taxpayer should file this election with the 2017 tax return by the extended due date.

**Q-14:** How is a virtual currency event (e.g., chain splits, air drops, giveaways, etc.) reported when a taxpayer does not make an “Election to Include a Virtual Currency Event as Ordinary Income in Year of Transfer?”

**A-14:** If a taxpayer does not make the election, then the virtual currency event is reported as ordinary income when a taxpayer later disposes of the virtual currency received in a prior event (where the election was not made).

<https://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/20180530-aicpa-comment-letter-on-notice-2014-21-virtual-currency.pdf>

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## CCA Tries to Clarify Hard Fork Ruling of Rev Rul 2019-24 – CCA 202114020 (4/9/21)

- Issue – tax treatment of receipt of Bitcoin Cash (BCH) due to 8/1/17 hard fork of Bitcoin
  - Fork: “August 1, 2017, at 9:16 a.m., EDT (13:16, UTC), block 478,558 on the Bitcoin block chain was mined. This was the last common block shared by both the Bitcoin and Bitcoin Cash distributed ledgers. Immediately following the mining of block 478,558, Bitcoin miners began mining a block that continued to follow Bitcoin’s protocols but was incompatible with Bitcoin Cash’s protocols.”
  - *Note*: Unlike Rev. Rul. 2019-24, no mention in facts of any airdrop (which usually is not connected to a hard fork)
- Situation 1 – A had sole control over private key to distributed ledger address at time of fork
- Situation 2 – B held bitcoin on exchange which did not support BCH at time of fork; B had no access to the BCH until 1/1/18 when exchange initiated support
- Conclusion – ordinary income at FMV when taxpayer obtained dominion and control over the Bitcoin Cash (BCH)
  - A – 8/1/17
  - B – 1/1/18
  - Rev. Rul. 2019-24

<https://www.irs.gov/pub/irs-wd/202114020.pdf>

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## CCA 202114020 (4/9/21) - continued

- *Query*: What was FMV at 8/1/17?
  - CCA examples don’t include value
  - CCA notes FMV can be determined “using any reasonable method, such as adopting the publicly published price value at a cryptocurrency exchange or cryptocurrency data aggregator.”
  - Cryptocurrency exchange – place to buy/sell/exchange crypto using fiat or other crypto used on that exchange; exchange acts as intermediary
    - Example: Coinbase, Kraken, Binance
  - Cryptocurrency data aggregator – gather info to share such as price data
    - Example – CoinMarketCap
- *Observation*: If recipient of BCH via August 2017 fork did not report or properly report and timely filed 2017 return, had until 5/17/21 to amend (longer if filed extension). What if too late? Then likely deemed to have taken position that had zero value (and zero basis) when rec’d.

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# What About the 1040 Question ...

2021 virtual currency question modified from 2019/2020 version:

At any time during ~~2020~~2021, did you receive, sell, ~~send~~, exchange, or otherwise ~~acquire-dispose of~~ any financial interest in any virtual currency.

<b>Form 1040</b>		Department of the Treasury—Internal Revenue Service (99)		<b>2021</b>	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
<b>U.S. Individual Income Tax Return</b>						
<b>Filing Status</b> <input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying widow(er) (QW) Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶						
Your first name and middle initial		Last name			Your social security number	
If joint return, spouse's first name and middle initial		Last name			Spouse's social security number	
Home address (number and street). If you have a P.O. box, see instructions.					Apt. no.	<b>Presidential Election Campaign</b> Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town, or post office. If you have a foreign address, also complete spaces below.				State	ZIP code	
Foreign country name		Foreign province/state/county		Foreign postal code		
At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency?						<input type="checkbox"/> Yes <input type="checkbox"/> No

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## 1040 Instructions on Virtual Currency Question (p 17)

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? ☐ Yes ☐ No

### Virtual Currency

Virtual currency is a digital representation of value, other than a representation of the U.S. dollar or a foreign currency ("real currency"), that functions as a unit of account, a store of value, or a medium of exchange. Some virtual currencies are convertible, which means that they have an equivalent value in real currency or act as a substitute for real currency. The IRS uses the term "virtual currency" to describe the various types of convertible virtual currency that are used as a medium of exchange, such as digital currency and cryptocurrency. Regardless of the label applied, if a particular asset has the characteristics of virtual currency, it will be treated as virtual currency for Federal income tax purposes.

<https://www.irs.gov/pub/irs-pdf/i1040gi.pdf>

Same mysterious statement from 2020 instructions. Also in FAQ 1 (from 2019).

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# 1040 Instructions on Virtual Currency Question (p 17)

If, in 2021, you engaged in any transaction involving virtual currency, check the "Yes" box next to the question on virtual currency on page 1 of Form 1040 or 1040-SR. A transaction involving virtual currency includes, but is not limited to:

- The receipt of virtual currency as payment for goods or services provided;
- The receipt or transfer of virtual currency for free (without providing any consideration) that does not qualify as a bona fide gift;
- The receipt of new virtual currency as a result of mining and staking activities;
- The receipt of virtual currency as a result of a hard fork;

**NOTE:**  
"receive"  
is still part  
of the  
question  
despite  
use of  
"otherwise  
dispose  
of".

- An exchange of virtual currency for property, goods, or services;
- An exchange/trade of virtual currency for another virtual currency;
- A sale of virtual currency; and
- Any other disposition of a financial interest in virtual currency.

A transaction involving virtual currency does not include the holding of virtual currency in a wallet or account, or the transfer of virtual currency from one wallet or account you own or control to another that you own or control. If your only transactions involving virtual currency during 2021 were purchases of virtual currency for real currency, including the use of real currency electronic platforms such as PayPal and Venmo, you are not required to check the "Yes" box next to the virtual currency question. You must not leave the field blank even if you are not required to answer "Yes". If you disposed of any virtual currency that was held as a capital asset through a sale, exchange, or transfer, check "Yes" and use Form 8949 to figure your capital gain or loss and report it on Schedule D (Form 1040).

If you received any virtual currency as compensation for services or disposed of any virtual currency that you held for sale to customers in a trade or business, you must report the income as you would report other income of the same type (for example, W-2 wages on Form 1040 or 1040-SR, line 1, or inventory or services from Schedule C on Schedule 1).

For more information, go to [IRS.gov/virtualcurrencyfags](https://www.irs.gov/virtualcurrencyfags).

<https://www.irs.gov/individuals/international-taxpayers/frequently-asked-questions-on-virtual-currency-transactions>

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## IRS Enforcement Activities

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? ☐ Yes ☐ No



### Summons

In the matter of "Tax Liability of John Does"  
Internal Revenue Service (Division): Large Business & International Division  
Industry/Area (name or number): Withholding & International Individual Compliance, Offshore Compliance Initiatives  
Periods: Years ending 12/31/2013 through 12/31/2015

The Commissioner of Internal Revenue

To: Coinbase, Inc.  
At: Attn: CEO, 548 Market St #23008, San Francisco, CA 94103

David J. Utzke, Senior Revenue Agent or Designee  
You are hereby summoned and required to appear before an officer of the Internal Revenue Service, to give testimony and to bring with you and to produce for examination the following books, records, papers, and other data relating to the tax liability or the collection of the tax liability or for the purpose of inquiring into any offense connected with the administration or enforcement of the internal revenue laws concerning the person identified above for the periods shown.

See attachment Case 3:17-cv-01431 (ND CA, 3/16/17)

\* "John Does" are United States persons who, at any time during the period January 1, 2013, through December 31, 2015, conducted transactions in a convertible virtual currency as defined in IRS Notice 2014-21.



Summons records of crypto exchanges such as Coinbase and Kraken. IRS sent letters to users who might not have properly reported. Started in mid-2019. [see letter on next slide]

**IRS Project since 2019:**  
Regulations regarding information reporting on virtual currency under §6045.

**Scary IRS news releases – see IR-2018-71 [next slide]**



JOINT CHIEFS OF GLOBAL TAX ENFORCEMENT

Tax enforcement authorities unite to combat international tax crime and money laundering

J5 = Australia, Canada, Netherlands, UK and the U.S.

Department of Justice  
Office of Public Affairs

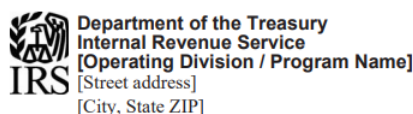
FOR IMMEDIATE RELEASE

Thursday, February 13, 2020

Ohio Resident Charged with Operating Darknet-Based Bitcoin "Mixer," which Laundered Over \$300 Million

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[Recipient name]  
[Address line 1]  
[Address line 2]  
[Address line 3]

Date:  
07/16/2019  
Taxpayer ID number:  
  
Hotline telephone number:  
  
eFax number:  
  
Respond by:

IR-2019-132 (7/25/19)

<https://www.irs.gov/newsroom/irs-has-begun-sending-letters-to-virtual-currency-owners-advising-them-to-pay-back-taxes-file-amended-returns-part-of-agencys-larger-efforts>

### Reporting Virtual Currency Transactions

Dear [Name]:

#### Why we're writing to you

We have information that you have or had one or more accounts containing virtual currency and may not have met your U.S. tax filing and reporting requirements for transactions involving virtual currency, which include cryptocurrency and non-crypto virtual currencies.

Virtual currency is considered property for federal income tax purposes. Generally, U.S. taxpayers must report all sales, exchanges, and other dispositions of virtual currency. An exchange of a virtual currency (such as Bitcoin, Ether, etc.) includes the use of the virtual currency to pay for goods, services, or other property, including another virtual currency such as exchanging Bitcoin for Ether. This obligation applies regardless of whether the account is held in the U.S. or abroad. More information can be found on [www.irs.gov](http://www.irs.gov) and in Notice 2014-21, found at [www.irs.gov/pub/irs-drop/n-14-21.pdf](http://www.irs.gov/pub/irs-drop/n-14-21.pdf), which describes how general tax principles for property transactions apply to transactions using virtual currency.

For one or more of tax years 2013 through 2017, we haven't received either a federal income tax return or an applicable form or schedule reporting your virtual currency transactions.

#### What you need to do by the "respond by" date above

Take one of the following actions:

- If you failed to file one or more income tax returns, file the delinquent returns and report your virtual

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## IRS reminds taxpayers to report virtual currency transactions

<https://www.irs.gov/newsroom/irs-reminds-taxpayers-to-report-virtual-currency-transactions>

English | [Español](#)

### Topics in the News

#### News Releases

News Releases for Frequently Asked Questions

#### Multimedia Center

#### Tax Relief in Disaster Situations

#### Tax Reform

#### Taxpayer First Act

#### Tax Scams/Consumer Alerts

#### The Tax Gap

#### Fact Sheets

#### IRS Tax Tips

#### e-News Subscriptions

#### IRS Guidance

#### Media Contacts

#### IRS Statements and Announcements

IR-2018-71, March 23, 2018

WASHINGTON — The Internal Revenue Service today reminded taxpayers that income from virtual currency transactions is reportable on their income tax returns.

Virtual currency transactions are taxable by law just like transactions in any other property. The IRS has issued guidance in [IRS Notice 2014-21](#) [PDF](#) for use by taxpayers and their return preparers that addresses transactions in virtual currency, also known as digital currency.

Taxpayers who do not properly report the income tax consequences of virtual currency transactions can be audited for those transactions and, when appropriate, can be liable for penalties and interest.

In more extreme situations, taxpayers could be subject to criminal prosecution for failing to properly report the income tax consequences of virtual currency transactions. Criminal charges could include tax evasion and filing a false tax return. Anyone convicted of tax evasion is subject to a prison term of up to five years and a fine of up to \$250,000. Anyone convicted of filing a false return is subject to a prison term of up to three years and a fine of up to \$250,000.

Virtual currency, as generally defined, is a digital representation of value that functions in the same manner as a country's traditional currency. There are currently more than 1,500 known virtual currencies. Because transactions in virtual currencies can be difficult to trace and have an inherently pseudo-anonymous aspect, some taxpayers may be tempted to hide taxable income from the IRS.

Notice 2014-21 provides that virtual currency is treated as property for U.S. federal tax purposes. General tax principles that apply to property transactions apply to transactions using virtual currency. Among other things, this means that:

- A payment made using virtual currency is subject to information reporting to the same extent as any other payment made in property.
- Payments using virtual currency made to independent contractors and other service providers are taxable, and self-employment tax rules generally apply. Normally, payers must issue Form 1099-MISC.
- Wages paid to employees using virtual currency are taxable to the employee, must be reported by an employer on a Form W-2 and are subject to federal income tax withholding and payroll taxes.
- Certain third parties who settle payments made in virtual currency on behalf of merchants that accept virtual currency from their customers are required to report payments to those merchants on Form 1099-K, Payment Card and Third Party Network Transactions.
- The character of gain or loss from the sale or exchange of virtual currency depends on whether the virtual currency is a capital asset in the hands of the taxpayer.

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# Virtual Currency and Collection

- Form 433-A (OIC) (March 2019 version), Form 433-B (OIC) (March 2019) and Form 433-A (Feb 2019) include questions about virtual currency holdings.

Page 2

**Section 3 Personal Asset Information**

Use the most current statement for each type of account, such as checking, savings, money market and online accounts, stored value cards (such as a payroll card from an employer), investment, retirement accounts (IRAs, Keogh, 401(k) plans, stocks, bonds, mutual funds, certificates of deposit) and virtual currency (such as Bitcoin, Ripple, Ethereum, etc.), life insurance policies that have a cash value, and safe deposit boxes. Asset value is subject to adjustment by IRS based on individual circumstances. Enter the total amount available for each of the following (if additional space is needed include attachments).

Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

~~~~~

|                                                  |                                                                              |                                                                        |                                 |         |
|--------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------|---------|
| <input type="checkbox"/> Virtual currency        | Name of virtual currency wallet, exchange or digital currency exchange (DCE) | Email address used to set-up with the virtual currency exchange or DCE | Location(s) of virtual currency |         |
| Type of virtual currency                         |                                                                              |                                                                        |                                 |         |
| Current market value in U.S. dollars as of today |                                                                              |                                                                        |                                 |         |
| \$                                               | X.8 = \$                                                                     |                                                                        | =                               | (2c) \$ |

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## IRS Updates Voluntary Disclosure Form 14457 and Practice – IR-2022-33 (2/15/22)

- Form 14457, Voluntary Disclosure Practice Preclearance Request and Application updated ----->
  - Expands a section on reporting virtual currency
  - IRS CI now accepts copies, facsimiles and scans of taxpayer signatures
  - Penalty structure for employment taxes and estate and gift issues
  - Check-box for inability to pay in full
- <https://www.irs.gov/newsroom/irs-announces-an-update-to-the-form-14457-voluntary-disclosure-practice-preclearance-request-and-application>

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# Updated Form 14457 - page 1 of 18

|                                      |                                                                                                                                            |                         |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Form 14457</b><br>(February 2022) | Department of the Treasury—Internal Revenue Service<br><b>Voluntary Disclosure Practice</b><br><b>Preclearance Request and Application</b> | OMB Number<br>1545-2241 |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|

Note: Use Part I of this form to make a preclearance request to determine whether you are eligible to use the Voluntary Disclosure Practice. Only submit Part I of this form for preclearance. If you receive preclearance, proceed with submitting Part II to request preliminary acceptance. Submitting the information requested in Part I of this form does not guarantee acceptance. All answers and attachments must be in English.

Mailing Address: Internal Revenue Service  
 Attn.: Voluntary Disclosure Coordinator  
 2970 Market Street  
 1-D04-100  
 Philadelphia, PA 19104

Fax Number: 844-253-5613

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**Part I - Preclearance Request (Mail or FAX Part I Only to Above)**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                      |                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------|
| <b>1. Person submitting disclosure (check box that applies)</b><br><input type="checkbox"/> Individual(s) <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation<br><input type="checkbox"/> Trust <input type="checkbox"/> Executor                                                                                                                                                                                                                                                              |                                                      |                               |
| <b>2. Disclosure special features (check all that apply)</b><br><div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Domestic Issues<br/> <input type="checkbox"/> Offshore Issues<br/> <input type="checkbox"/> Other Issues (briefly describe) _____         </div> <div> <input type="checkbox"/> Estate &amp; Gift Issues<br/> <input type="checkbox"/> Employment Tax Issues         </div> <div> <input type="checkbox"/> Virtual Currency Issues         </div> </div> |                                                      |                               |
| <b>3. Tentative disclosure period (years)</b> _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                      |                               |
| <b>4a. Taxpayer name</b> _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>b. Identification number (SSN/ITIN/EIN)</b> _____ | <b>c. Date of birth</b> _____ |
| <b>d. Alias (if applicable, include all aliases used)</b> _____                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>e. Occupation</b> _____                           |                               |

<https://www.irs.gov/pub/irs-pdf/f14457.pdf>

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# Updated Form 14457 - page 3 on virtual currency

## 13. Schedule of virtual currency

- List **ALL** domestic and foreign noncompliant virtual currency you owned or controlled or were the beneficial owner of, either directly or indirectly.
  - The listings must cover the entire disclosure period as outlined in the instructions below.
  - This includes assets acquired or disposed of during the disclosure period.
  - This includes assets held through entities you owned or controlled or were the beneficial owner of, either directly or indirectly.
- Note: The entities will be further identified in Part II of this application.
- Click "Add Virtual Currency" button below for additional assets.

### Virtual Currency 1

Name of virtual currency

|                                                            |                     |                     |                                                                                              |
|------------------------------------------------------------|---------------------|---------------------|----------------------------------------------------------------------------------------------|
| Identifying number or other designation (see instructions) | Date asset acquired | Date asset disposed | Check appropriate box<br><input type="checkbox"/> Domestic <input type="checkbox"/> Offshore |
|------------------------------------------------------------|---------------------|---------------------|----------------------------------------------------------------------------------------------|

Account holders

Catalog Number 61637F

www.irs.gov

Form 14457 (Rev. 2-2022)

<https://www.irs.gov/pub/irs-pdf/f14457.pdf>

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## Form 14457 Line 13 Details For Virtual Currency

Line 13. "Virtual Currency" is a dynamic area, and for purposes of this form the term encompasses assets beyond what many define as virtual currencies. Please refer to [irs.gov](https://www.irs.gov) for additional guidance on virtual currency and related topics (see [Frequently Asked Questions on Virtual Currency Transactions | Internal Revenue Service \(irs.gov\)](#))

Provide details for all noncompliant virtual currency you owned or controlled or were the beneficial owner of, either directly or indirectly. The listings must cover the entire disclosure period, including assets acquired or disposed of during the disclosure period and including those held through entities. Additionally, if you used a "mixer" or "tumbler" in connection with your virtual currency or any virtual currency transaction, identify the mixer or tumbler used and explain why you used it.

For purposes of preclearance, a noncompliant virtual currency is an asset that should have been reported on a federal income tax return or other required federal information return and was not previously reported.

Each virtual currency should be listed once; the form is designed to expand to accommodate additional virtual currencies, as applicable, by clicking the Add Virtual Currency button. Jointly held assets should be identified as such and only listed once. Asset holders must match the disclosing taxpayer(s) from lines 4 and 5, or an entity named on line 7.

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## FinCen and FBAR – Notice 2020-2 (12/30/20)

### **Report of Foreign Bank and Financial Accounts (FBAR) Filing Requirement for Virtual Currency**

#### **FinCEN Notice 2020-2**

Currently, the Report of Foreign Bank and Financial Accounts (FBAR) regulations do not define a foreign account holding virtual currency as a type of reportable account. (See 31 CFR 1010.350(c)). For that reason, at this time, a foreign account holding virtual currency is not reportable on the FBAR (unless it is a reportable account under 31 C.F.R. 1010.350 because it holds reportable assets besides virtual currency). However, FinCEN intends to propose to amend the regulations implementing the Bank Secrecy Act (BSA) regarding reports of foreign financial accounts (FBAR) to include virtual currency as a type of reportable account under 31 CFR 1010.350.

# New Law on Digital Assets Included in Infrastructure Investment and Jobs Act (P.L. 117-58; 11/15/21)

- Modifications on information reporting for brokers and digital assets
  - Modifications to §§6045, 6045A, 6724 (penalties) & 6050I)
  - Effective for returns required to be filed and statements required to be furnished after 12/31/23 (so for 2023 forms and activity)
  - Track changes for modified Code sections:  
<http://21stcenturytaxation.blogspot.com/2021/11/digital-asset-reporting-in-hr-3684.html>
  - Highlights -----→

## More on Sec. 80603 – Info reporting for brokers and digital assets - Modification at §6045(c) & (g)(3):

(c) Definitions. For purposes of this section-

(1) Broker. The term "broker" includes-

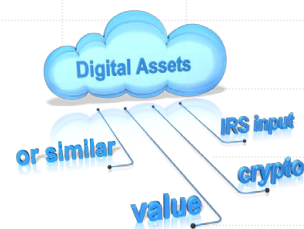
(A) a dealer,

(B) a barter exchange, ~~and~~

(C) any ~~other~~ person who (for ~~a~~ consideration) regularly acts as a middleman with respect to property or services, ~~and~~-

(D) any person who (for consideration) is responsible for regularly providing any service effectuating transfers of digital assets on behalf of another person.

A person shall not be treated as a broker with respect to activities consisting of managing a farm on behalf of another person.



(D) Digital asset. Except as otherwise provided by the Secretary, the term "digital asset" means any digital representation of value which is recorded on a cryptographically secured distributed ledger or any similar technology as specified by the Secretary.



## General rule of §6045 – what does a “broker” do?

- (a) “General rule. Every person doing business as a broker shall, when required by the Secretary, make a return, in accordance with such regulations as the Secretary may prescribe, showing the name and address of each customer, with such details regarding gross proceeds and such other information as the Secretary may by forms or regulations require with respect to such business.”
- (g)(1) – “If a broker is otherwise required to make a return under subsection (a) with respect to the gross proceeds of the sale of a **covered security**, the broker shall include in such return the information described in paragraph (2).” [that includes basis reporting]
- §6045(g)(3) – “covered security” includes any “specified security” which now includes “any digital asset”
- **Query:** Any relevance beyond broker reporting?

## **Observation:** Reporting of digital assets

### Treasury/IRS Priority Guidance Plan (Business Plan)

- 2019-2021, 2020-2021 plans include:
  - Regulations regarding information reporting on virtual currency under §6045. [2021-2022]
  - Proposed regulations regarding information reporting on virtual currency under §6045. [2020-2021]
  - Guidance regarding information reporting on virtual currency under §6045. [2019-2020]

<https://www.irs.gov/privacy-disclosure/priority-guidance-plan>

**Query:** What has the IRS been working on since 2019?

# More on Sec. 80603 – Info reporting for brokers and digital assets - Modification at §6050I(d)

## §6050I Returns relating to cash received in trade or business, etc.

(d) Cash includes foreign currency and certain monetary instruments. For purposes of this section, the term "cash" includes-

- (1) foreign currency, ~~and~~
- (2) to the extent provided in regulations prescribed by the Secretary, any monetary instrument (whether or not in bearer form) with a face amount of not more than \$10,000, ~~and~~
- (3) any digital asset (as defined in section 6045(g)(3)(D)).

IRS  
Form  
(Rev. August 2014)  
**8300**  
Department of the Treasury  
Internal Revenue Service

### Report of Cash Payments Over \$10,000 Received in a Trade or Business

► See instructions for definition of cash.  
► Use this form for transactions occurring after August 29, 2014. Do not use prior versions after this date.  
For Privacy Act and Paperwork Reduction Act Notice, see the last page.

## H.R. 6006, Keep Innovation in America Act

### P.L. 117-58 change:

§6045(c) Definitions. For purposes of this section-

- (1) Broker. The term "broker" includes-
  - (A) a dealer,
  - (B) a barter exchange, ~~and~~
  - (C) any ~~other~~ person who (for a consideration) regularly acts as a middleman with respect to property or services, ~~and~~.

(D) any person who (for consideration) is responsible for regularly providing any service effectuating transfers of digital assets on behalf of another person.

§6045(g)(3)(D) Digital asset. Except as otherwise provided by the Secretary, the term "digital asset" means any digital representation of value which is recorded on a cryptographically secured distributed ledger or any similar technology as specified by the Secretary.

### Innovation Act bipartisan proposal:

(D) any person who (for consideration) stands ready in the ordinary course of a trade or business to effect sales of digital assets at the direction of their customers.

(D) DIGITAL ASSET.—The term 'digital asset' means any digital representation of value which is recorded on a cryptographically secured distributed ledger.

AND add'l changes including §6050I to delay effect and have Treasury study and report on treatment of digital assets as cash for §6050I purposes.

# State and Local Tax Matters

- Most states have issued something about VC and sales tax.
- Some states have enacted legislation or administrative rulings on income taxes, property taxes, unclaimed property, other.
  - Example: NY Policy on Transactions Using Convertible Virtual Currency
    - [https://www.tax.ny.gov/pdf/memos/multitax/m14\\_5c\\_7i\\_17s.pdf](https://www.tax.ny.gov/pdf/memos/multitax/m14_5c_7i_17s.pdf)
  - Examples on next slides.

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## Arizona Senate Concurrent Resolution 1014 (2022) – Virtual Currency Not Subject to Property Tax

- Proposed change to constitution Article IX, sec. 2
- <https://apps.azleg.gov/BillStatus/BillOverview/76457?SessionId=125>

(7) VIRTUAL CURRENCY IS EXEMPT FROM TAXATION. FOR THE PURPOSES OF THIS SUBSECTION, "VIRTUAL CURRENCY" MEANS A DIGITAL REPRESENTATION OF VALUE, OTHER THAN A REPRESENTATION OF THE UNITED STATES DOLLAR OR A FOREIGN CURRENCY, THAT FUNCTIONS AS A UNIT OF ACCOUNT, A STORE OF VALUE OR A MEDIUM OF EXCHANGE.

- Are intangibles subject to property tax in AZ?
  - Maybe.
  - Article 1, 42-11002. Property subject to taxation
    - "All property in this state is subject to taxation except as provided in article IX, Constitution of Arizona, and article 3 of this chapter."
    - *Honeywell Information Systems, Inc. v. Maricopa County*, No. 1 CA-CIV 3290 (Ct App, Div 1, 1977)
      - "There is little doubt that computer software is intangible property and, as such, should be excluded in determining the value of tangible computer equipment."
      - H allowed to remove value of software from value of computers for property tax purposes.

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## Wyoming Act No. 34 (SF0111) (2018)

- Added a property tax exemption for

(vi) Any of the following intangible items:

(A) Money and cash on hand including currency, gold, silver and other coin, bank drafts, certified checks, ~~and~~ cashier's checks, and virtual currencies. As used in this subparagraph, "virtual currency" means any type of digital representation of value that:

(I) Is used as a medium of exchange, unit of account or store of value; and

(II) Is not recognized as legal tender by the United States government.

- <https://wyoleg.gov/2018/Enroll/SF0111.pdf>

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## Illinois Ruling on Virtual Currency and Apportionment – IT-21004 (8/31/21)

- General Information Letter to address taxpayer question on classification of bitcoin under Illinois apportionment statute (35 ILCS § 5/304)
- DOR confirmed:
  - Bitcoin is intangible personal property
  - Bitcoin is not a patent, copyright, trademark or similar item
- *Observation*: So apparently, G/L not included in numerator or denominator.

<https://www2.illinois.gov/rev/research/legalinformation/letterulings/it/Documents/2021/IT21-0004-GIL.pdf#search=IT%2D21%2D0004>

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## Unclaimed Property Law Change in Illinois For Virtual Currency – PA 102-0288 (SB 388) (8/6/21)

### Modification of VC definition

(32) "Virtual currency" means ~~a any type of digital representation of value~~unit, including cryptocurrency, used as a medium of exchange, unit of account, or ~~a form of digitally stored store of~~ value, which does not have legal tender status recognized by the United States. The term does not include:

- (A) the software or protocols governing the transfer of the digital representation of value;
- (B) game-related digital content; or
- (C) a loyalty card or gift card.

[new] Presumed abandoned if unclaimed by owner 5 years after last indication of interest in the property.

[new]

(i) If property reported to the administrator is virtual currency, the holder shall liquidate the virtual currency and remit the proceeds to the administrator. The liquidation shall occur anytime within 30 days prior to the filing of the report under Section 15-401. The owner shall not have recourse against the holder or the administrator to recover any gain in value that occurs after the liquidation of the virtual currency under this subsection.

<https://www.ilga.gov/legislation/publicacts/102/PDF/102-0288.pdf>

<https://ilga.gov/legislation/BillStatus.asp?GA=102&DocTypeID=SB&DocNum=338&GAID=16&SessionID=110&LegID=131714>

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The technology and financial capabilities are significant with continuing innovation, capabilities and uses

Decentralization – uses beyond digital money

Cryptography

Blockchain / Distributed ledger has many uses

Fintech – continuing innovation

Growth in number and variety and uses of digital assets

Use of the metaverse for social interaction, doing business – and obtaining gov't services?

Reduced costs of financial transactions for individuals, businesses and governments

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## Various law proposals and enactments to promote innovation in crypto and blockchain - examples

- H.R. 3723 (117<sup>th</sup> Cong), Consumer Safety Technology Act
  - Includes:
    - Study on blockchain tech and use in consumer protection
    - Digital Taxonomy Act
  - Passed in House 6/23/21 - <https://www.congress.gov/bill/117th-congress/house-bill/3723/>
- Arizona HB 2417 (Chap 97, 2017) - <https://www.azleg.gov/legtext/53leg/1R/laws/0097.pdf>
  - Signatures secured via blockchain tech considered electronic sig
  - Allows for smart contracts
- Delaware (2016) – various provision including maintenance of stock ledgers on a blockchain
  - <https://www.prnewswire.com/news-releases/governor-markell-launches-delaware-blockchain-initiative-300260672.html>
- Illinois - <https://www2.illinois.gov/sites/doit/Pages/BlockChainInitiative.aspx>
- Nevada SB 398 (Chap 391, 6/5/17) – allow blockchain tech as electronic record of Uniform Electronic Transactions Act, prohibit local gov't from taxing or restricting use of blockchain
  - <https://www.leg.state.nv.us/App/NELIS/REL/79th2017/Bill/5463/Overview>
- Vermont S 269 (Act. No. 205; 5/30/18) on blockchain business development, including creation of blockchain-based LLCs and study on possible use of blockchain for government records.
  - <https://legislature.vermont.gov/bill/status/2018/S.269>
- Wyoming – various bills and initiatives
  - <https://www.govtech.com/products/wyoming-continues-to-pursue-a-blockchain-heavy-future.html>

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## Metaverse Property is “Hot” – Is that space real property? Should governments open offices in metaverse spaces?

- Virtual reality space with personal and business activities, generally using virtual currency.
- Facebook rebranded and renamed as Meta (10/28/21)
  - “The metaverse is the next evolution of social connection.”
  - <https://about.fb.com/news/2021/10/facebook-company-is-now-meta/>
  - <https://about.fb.com/news/2021/10/founders-letter/>
    - “the word “meta” comes from the Greek word meaning “beyond”.”
- Examples:
  - Decentraland.org
  - WSJ - <https://www.wsj.com/articles/metaverse-real-estate-piles-up-record-sales-in-sandbox-and-other-virtual-realms-11638268380?>
  - “Someone Paid \$450K to Be Snoop Dogg's Metaverse Neighbor,” Decrypt, 12/3/21
    - <https://decrypt.co/87524/someone-paid-450k-snoop-dogg-metaverse-neighbor>
  - Kamin, “Investors Snap Up Metaverse Real Estate in a Virtual Land Boom,” *NY Times*, 11/30/21
    - <https://www.nytimes.com/2021/11/30/business/metaverse-real-estate.html>

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## Miami and NYC Virtual Currency Activities Including Payments to Residents (Nov. 2021)

- August 2021 – Miami launches MiamiCoin (MIA)
  - City hopes to make money from this
  - Working with CityCoin <https://www.citycoins.co/>
    - “give communities the power to improve and program their cities”
  - Holders rewarded through Stacks Protocol (uses smart contracts)
    - 30% of mining rewards goes to city’s wallet
- 11/11/21 – Miami announced “bitcoin yield” from staking for residents
  - Earned \$21 million in 3 months
    - Annualized = 1/5 of city’s annual revenues of \$400 million
  - Will help residents set up wallet to get the reward
    - Coindesk, 11/11/21
- <https://www.coindesk.com/business/2021/11/11/miami-to-give-bitcoin-yield-from-miamicoin-to-its-citizens/>
- CityCoin info on MiamiCoin - <https://www.citycoins.co/miamicoin>
- NYC Mayor-elect Adams interested in NYCcoin via CityCoin
  - <https://www.coindesk.com/business/2021/11/09/citycoins-plan-for-nyccoin-is-welcomed-by-mayor-elect-adams/>
- **Query: Taxable to recipients?**
  - Florida – no PIT
  - Federal - yes

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Various issues exist in need of guidance

**Challenges:** Understanding the tech; constant change; whether new rules needed

**Needs:** Coordination among governments and agencies; public comment periods; balance of encouraging innovation and protecting security

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# Defining cryptocurrency



GAO in 2020: “the term virtual currency is sometimes used interchangeably with other terms, such as digital asset or cryptocurrency. The term digital asset, as used by the Securities and Exchange Commission, refers to an asset that is issued and transferred using distributed ledger technology, including, but not limited to, virtual currencies.”

- *Virtual Currencies: Additional Information Reporting and Clarified Guidance Could Improve Tax Compliance*, [GAO-20-188](#), Feb 2020, footnote 2

IRS in Notice 2014-21: “Virtual currency is a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value. ... Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as “convertible” virtual currency.”

IRS in Rev. Rul. 2019-24 (compared to Notice 2014-21):

“Virtual currency is a digital representation of value that functions as a medium of exchange, a unit of account, and ~~for~~ a store of value other than a representation of the United States dollar or a foreign currency.”

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## Defining cryptocurrency - more

- Also in Rev Rul 2019-24: “Cryptocurrency is a type of virtual currency that utilizes cryptography to secure transactions that are digitally recorded on a distributed ledger, such as a blockchain. Units of cryptocurrency are generally referred to as coins or tokens.”
- IRS 10,000 letter campaign of 2019: Letters referred to both “cryptocurrency and non-crypto virtual currencies” without an explanation of either.
- 2020 & 2021 Form 1040 virtual currency question include in instructions: “Some virtual currencies are convertible, which means that they have an equivalent value in real currency or act as a substitute for real currency. The IRS uses the term “virtual currency” to describe the various types of convertible virtual currency that are used as a medium of exchange, such as digital currency and cryptocurrency. **Regardless of the label applied, if a particular asset has the characteristics of virtual currency, it will be treated as virtual currency for Federal income tax purposes.**” [emphasis added]
- Dept. of Justice reply brief in Jarrett, No. 3:21-cv-00419 (MD TN, 8/27/21) on when VC rec’d from proof of stake is taxable:
  - The U.S. “denies that virtual currency is in all instances property for the purposes of U.S. tax law.” [para. 30]

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# IRS Confusion on Gaming and Digital Currencies

## IRS Statement on Changes to Virtual Currency Webpage

### What's Hot

February 14, 2020

### News Releases

The IRS recognizes that the language on our page potentially caused concern for some taxpayers. We have changed the language in order to lessen any confusion. Transacting in virtual currencies as part of a game that do not leave the game environment (virtual currencies that are not convertible) would not require a taxpayer to indicate this on their tax return.

### Multimedia Center

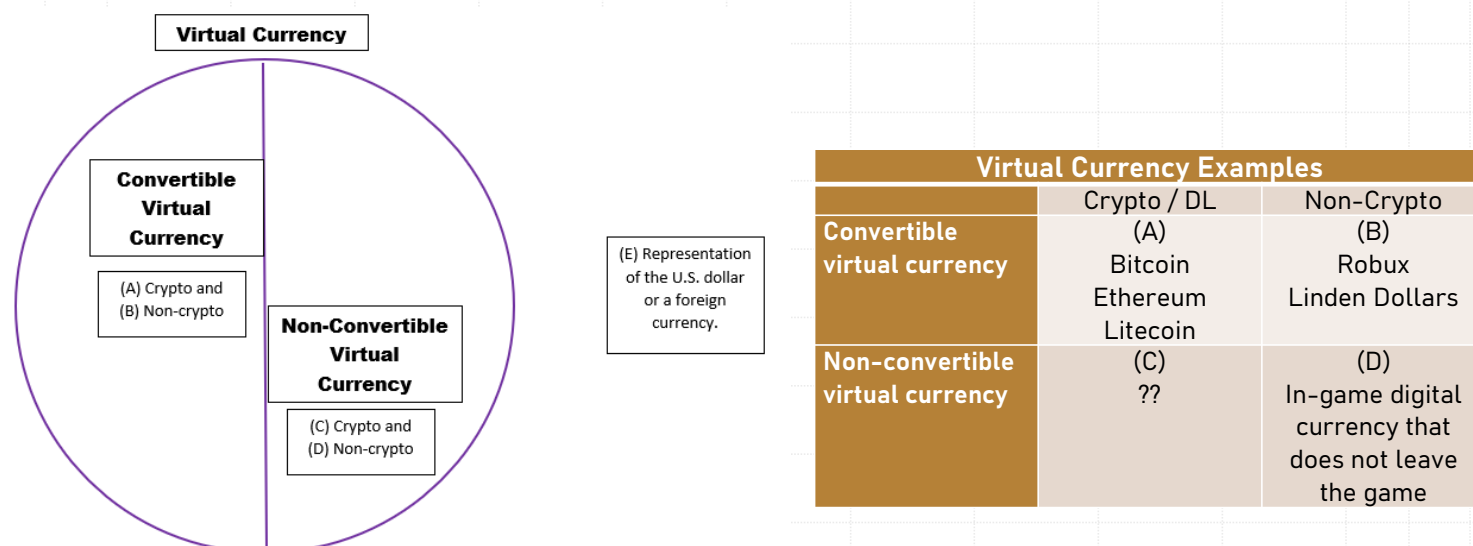
### Tax Relief in Disaster Situations

<https://www.irs.gov/newsroom/irs-statement-on-changes-to-virtual-currency-webpage>

**Observation:** More needed on what convertible means because usually purchase the gaming currency with USD and can sell outside of the system, or possibly get refunded by gaming company.

Prior to this post, IRS website on “What is Virtual Currency?” included: “Bitcoin, Ether, Roblox, and V-bucks are a few examples of a convertible virtual currency.”

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IRS FAQ3 – “Cryptocurrency is a type of virtual currency that uses cryptography to secure transactions that are digitally recorded on a distributed ledger [DL], such as a blockchain. A transaction involving cryptocurrency that is recorded on a distributed ledger is referred to as an “on-chain” transaction; a transaction that is not recorded on the distributed ledger is referred to as an “off-chain” transaction.”

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## Terminology - Beyond virtual currency, another term often used is “token”

- IRS rarely uses “token” other than in Rev. Rul. 2019-24.
- Tokens describe assets beyond virtual currency. Tokens can be categorized as:
  - Payment or Exchange Token – includes cryptocurrencies such as bitcoin.
  - Utility Token – allows holder to use something or represents a right to something, such as certain non-fungible tokens (NFTs).
  - Security Token – generally involves sharing in future profits and represents ownership in a business or asset, such as an initial coin offering (ICO).
- **Observation:** Consideration of tokens is helpful to illustrate that IRS use of “virtual currency” likely only applies to payment tokens and not to utility tokens or security tokens which do not have all 3 of the “currency” traits (Medium of exchange, Unit of account, and Store of value). This means that IRS guidance on virtual currency does not address a broader set of virtual or digital assets. However, to the extent tokens are property, similar tax rules might apply, as appropriate to the particular asset and its use by taxpayers. For example, all of the token types likely qualify as property for purposes of §351 and §721 regarding tax treatment of property contributed to a corporation or partnership in exchange for an interest in the entity.

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## Defining cryptocurrency - more

- P.L. 117-58 (11/15/21), Infrastructure Investment and Jobs Act
- Digital asset reporting added to IRC §6045 (broker reporting) and §6050I (cash transaction reporting if over \$10,000)
- **“DIGITAL ASSET.—Except as otherwise provided by the Secretary, the term ‘digital asset’ means any digital representation of value which is recorded on a cryptographically secured distributed ledger or any similar technology as specified by the Secretary.”**
  - Also made it a “covered security” under IRC §6045(g)(3).  
Query: Any relevance beyond broker reporting?

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# Policy relevance of definition

- Will tax rules work if we can't effectively define what we are taxing or reporting on for tax purposes?
- Any issue if tax definitions vary among taxing jurisdictions and for different laws?
  - Seems to be little coordination among jurisdictions and various gov't agencies.
- How do varying traits of virtual currency affect taxation? For example:
  - How it comes into existence?
  - Is there a finite quantity (e.g. bitcoin) or infinite quantity?
  - Decentralized nature (although many transactions use exchanges); reporting considerations.
  - Anonymity for many transactions.

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## Various taxation matters (partial list)



### Income tax

- Tracking the currency for gain/loss purposes.
- Treatment of hard forks and airdrops (technical errors exist in Revenue Ruling 2019-24)
- Treatment of proof of stake versus proof of work "rewards"
- Treatment of crypto lending
- What is a qualified appraisal and qualified appraiser for when over \$5K of crypto is donated to charity?
- How broadly or narrowly with "broker" and "digital assets" be defined in regs under §6045 changes per IIJA?

### Report on Form 8938, Statement of Specified Foreign Financial Assets? FBAR?

- TD 9706 (12/12/14) §6038D regs, IRS requested comments.
- FinCEN Notice 2020-2 (12/30/20) – looking at FBAR matter.

### Estate tax

- Valuation considerations; what if access dies with decedent?

### State tax

- Might crypto be digital asset taxable under sales tax laws of some states (some states tax digital goods)?
- Sourcing – same as for other intangibles?
- §1031 like-kind exchange question still exists for most Californians who exchange virtual currencies  
<http://21stcenturytaxation.blogspot.com/2021/10/crypto-and-1031-still-relevant-in.html>
- Unclaimed property tax law application? [Illinois law change – earlier slide]

### International taxation

- Application of VAT
- Sourcing
- Any need to address in tax treaties?

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## Need for more tax guidance

- Challenges exist for tax agencies in issuing guidance:
  - Definitions
  - Rapid advancement in transactions and assets
  - New types of transactions such as hard forks w/o an analogy to other assets
  - Coordination among gov't agencies and international, federal, state and local laws.
- GAO, *Virtual Currencies: Additional Information Reporting and Clarified Guidance Could Improve Tax Compliance*, GAO-20-188, Feb. 2020, page 17
  - IRS rec'd over 200 public comments after release of Notice 2014-21.
    - “the most common topics concerned tax forms and reporting (64 comments), realization of income (45 comments), cost basis (33 comments), and general tax liability (29 comments). Other topics included the tax implications of hard forks and airdrops, mining, and foreign reporting.”
    - <https://www.gao.gov/assets/gao-20-188.pdf>

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## Tips for dealing with tax uncertainty

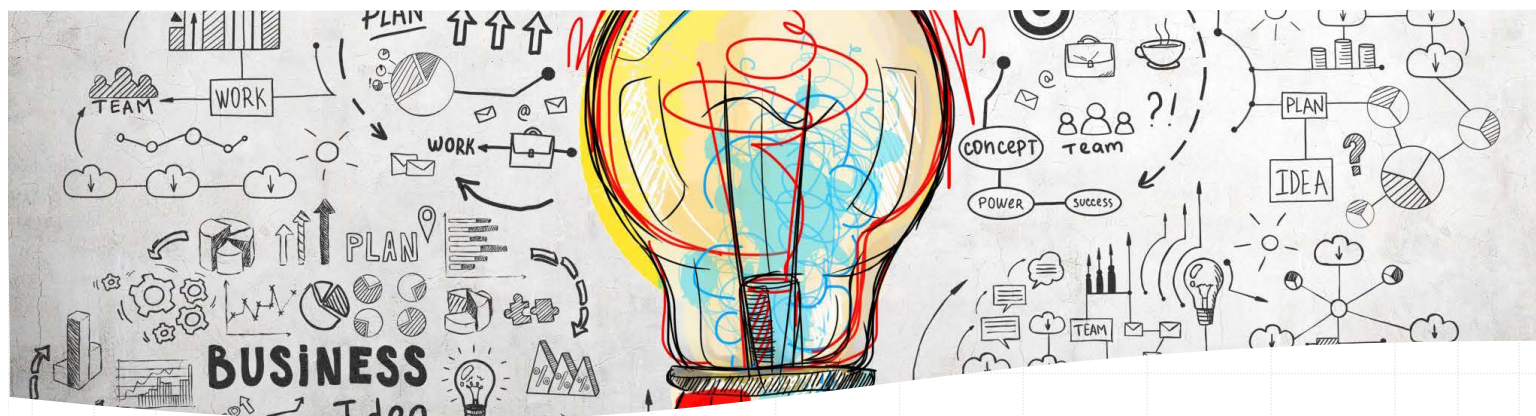
- Consider for federal tax purposes that virtual currencies are “property” and follow the tax rules that exist for property. NFTs and similar items also likely “property.”
- Look for analogous transactions outside of virtual currency where there might be tax guidance.
- Examine the technology and flow of funds carefully to help identify the nature of the transaction to aid in finding and properly applying appropriate tax rules.
- Keep good records to document the details of transactions as this can aid in understanding them and explaining why a particular tax approach was applied.
- Be consistent in the tax treatment unless you realize a mistake was made.
- Seek a private letter ruling from the IRS, if allowed.
- Consider when a position lacks substantial authority but has at least a reasonable basis warranting inclusion of Form 8275, Disclosure Statement, filed with the return.
- Consider submitting comment letters to the IRS and state tax agencies explaining where guidance is needed and why.
- Consider offering legislative proposals to your elected officials and tax committees.

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## What will come of various calls for more attention and regulation of cryptocurrency and digital assets?

- 7/26/21 – Letter from Senator Warren to Secretary Yellen
  - “DeFi refers to a fast-growing and highly opaque corner of the cryptocurrency market which allows users to engage in a variety of financial activities – including lending, borrowing, and trading derivatives to take on leverage – without an intermediary like a bank. Given that participants and project developers may remain anonymous, DeFi could present particularly severe financial stability risks. According to a 2019 Financial Stability Board report, decentralized financial technologies may raise new forms of concentration risks, unclear allocation of liability, and recovery and resolution challenges.”
- 8/3/21 Remarks of SEC Chair Gary Gensler to Aspen Security Forum - Crypto assets are “rife with fraud, scams, and abuse in certain applications. There’s a great deal of hype and spin about how crypto assets work. In many cases, investors aren’t able to get rigorous, balanced, and complete information. If we don’t address these issues, I worry a lot of people will be hurt.”
- New Congressional Digital Assets Working Group (6/16/21) Per Rep Maxine Waters:
  - “As cryptocurrencies, central bank digital currencies and other digital assets enter the mainstream, the Committee will look at how digital assets have begun to enter many aspects of our lives – from payments to investments to remittances – and consider how to devise legislation to support responsible innovation that protects consumers and investors while promoting greater financial inclusion. So, I am pleased to announce that I have organized a Digital Assets Working Group of Democratic Members that will examine the issues at hand in the digital assets space.”

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## Relevance to your work

- ❖ Do you ask new clients about their cryptocurrency/digital asset holdings and activities? Check regularly with existing clients?
- ❖ How are you or your firm keeping up with the rapid advancements in digital asset and blockchain activities and legal issues and new laws?
- ❖ Should you set up services in the metaverse?
- ❖ New fintech ideas lead to new business endeavors and possible new client base.
- ❖ Opportunities to assist clients in shaping laws relevant to their digital asset activities.

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## Tips for taking a deeper dive and staying current with the tech, finance and tax matters

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## How to keep up with crypto tech and tax

- Own a few types of virtual currency and do some trades.
- Track your activity using one of the several software tools out there.
  - But also be sure you download your original data and store it (clients should too).
- Create google alerts for certain terms you are interested in such as bitcoin, ethereum, non-fungible token.
- Find out if there is an online or in person meetup or similar type group in your area you can join. Here is a list to find bitcoin meetups - <https://www.meetup.com/topics/bitcoin/us/> and there are other groups too.
- Follow some key people or groups in this space on social media, such as Coinbase, ethereum, vitalik.eth and many others on Twitter and LinkedIn.
- Read the whitepapers connected with most virtual currencies and tools.
- Listen to podcasts such as Money Reimagined, Thinking Crypto, What Bitcoin Did, many others.
- Subscribe to newsletters such as from CoinDesk.
- Read materials in the Lukka Library - <https://lukka.tech/lukka-library/>.
- Attend bitcoin and crypto conferences – Bitcoin 2022, Consensus (Coindesk), others
- Take the edX course on Bitcoin and Cryptocurrencies; look for others.
- Coursera classes on blockchain and crypto - <https://www.coursera.org/courses>
- Check out numerous resource links at <http://www.21stcenturytaxation.com/virtual-currency-and-tax.html>.

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