



Dealing with the 2025 Forms 1099-DA
San Jose State University Blockchain Tax Conference

January 2026

Presenters

- Bea Castaneda, Global Tax Information Reporting & Digital Asset Leader
- Shehan Chandrasekera, Head of Tax Strategy – CoinTracker
- Nik Farher, Director / Blockchain & Digital Assets Practice Leader – Forvis
- Christopher Wrobel, Special Counsel to the Associate Chief Counsel (Income Tax & Accounting) - IRS Office of Chief Counsel*

* Not involved in preparation of these materials.

☐ CORRECTED (if checked)

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Applicable checkbox on Form 8949		OMB No. 1545-2330 2025 Form 1099-DA	Digital Asset Proceeds From Broker Transactions
		1a Code for digital asset			
		1b Name of digital asset			
FILER'S TIN	RECIPIENT'S TIN				
RECIPIENT'S name					
Street address (including apt. no.)		1c Number of units		Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
City or town, state or province, country, and ZIP or foreign postal code		1d Date acquired	1e Date sold or disposed		
Account number		1f Proceeds \$	1g Cost or other basis \$		
CUSIP number		1h Accrued market discount \$	1i Wash sales loss disallowed \$		
5 Check if loss is not allowed based on amount in 1f <input type="checkbox"/>		2 Check if basis reported to IRS <input type="checkbox"/>	3a Reported to IRS: <input type="checkbox"/> Gross proceeds <input type="checkbox"/> Net proceeds		
6 Gain or loss: <input type="checkbox"/> Short-term <input type="checkbox"/> Ordinary <input type="checkbox"/> Long-term		3b Check if proceeds from: <input type="checkbox"/> Reserved for future use <input type="checkbox"/> QOF	4 Federal income tax withheld \$		
9 Check if digital asset is a noncovered security <input type="checkbox"/>		7 Check if 1f is only cash <input type="checkbox"/>	8 Check if broker relied on customer-provided acquisition information <input type="checkbox"/>		
11b If 11a checked, number of transactions		11a Check if gross proceeds reported in 1f is an aggregate amount for: <input type="checkbox"/> Qualifying stablecoins <input type="checkbox"/> Specified NFTs			
11c For aggregate reporting of specified NFTs, aggregate gross proceeds reported in 1f that are attributable to first sales by creator or minter \$		12a Number of units transferred in	12b If transferred in, provide transfer-in date		
14 State name		15 State identification no.			
				\$	

Form **1099-DA**

(Keep for your records)

www.irs.gov/Form1099DA

Department of the Treasury - Internal Revenue Service

Form **8949**Department of the Treasury
Internal Revenue Service**Sales and Other Dispositions of Capital Assets**File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.
Go to www.irs.gov/Form8949 for instructions and the latest information.

OMB No. 1545-0074

2025Attachment
Sequence No. **12A**

Name(s) shown on return

Social security number or taxpayer identification number

Before you check Box A, B, C, G, H, or I below, see whether you received any Form(s) 1099-B, Form(s) 1099-DA, or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B or Form 1099-DA. They will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part I **Short-Term.** Transactions involving capital assets you held 1 year or less are generally short-term (see instructions). For long-term transactions, see page 2.

Note: You may aggregate all short-term transactions reported on Form(s) 1099-B and Form(s) 1099-DA showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 1a; you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, C, G, H, or I below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- ☐ **(A)** Short-term transactions reported on **Form(s) 1099-B** showing basis **was** reported to the IRS (see **Note** above)
- ☐ **(B)** Short-term transactions reported on **Form(s) 1099-B** showing basis **was not** reported to the IRS
- ☐ **(C)** Short-term transactions, other than digital asset transactions, not reported to you on **Form 1099-B** or **Form 1099-DA**
- ☐ **(G)** Short-term transactions reported on **Form(s) 1099-DA** showing basis **was** reported to the IRS (see **Note** above)
- ☐ **(H)** Short-term transactions reported on **Form(s) 1099-DA** showing basis **was not** reported to the IRS
- ☐ **(I)** Short-term digital asset transactions not reported to you on **Form 1099-DA** or **Form 1099-B**

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the Note below and see <i>Column (e)</i> in the separate instructions.	Adjustment, if any, to gain or loss If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).
						(f) Code(s) from instructions	(g) Amount of adjustment	

What We'll Cover

- 01 How Did We Get Here?
- 02 Final (custodial) DA Broker Reporting Regs
- 03 How Practitioners Can Prepare

01

How Did We Get Here?



A brief history lesson...



Question

Answer

The Infrastructure Investments & Jobs Act (IIJA) was passed in November of what year?

2021

One of the ways the IIJA was funded is by requiring information reporting for digital assets. It is estimated to raise how much over 10 years?

\$28 Billion

The IRS estimates that about how many customers will be impacted by these final regulations?

14.5 million

Observations

Cracking down on underreporting

- 2022 survey:
 - 58% of crypto investors reported holdings on their taxes in 2022
 - 31% did not report
 - 11% declined to answer

Impact of Information Reporting

- 55% misreporting with little to no third-party information reporting
- 17% when there is some information reporting
- 5% with substantial information reporting

Modification at §6045(c) & (g)(3)(d) by IIJA

(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.

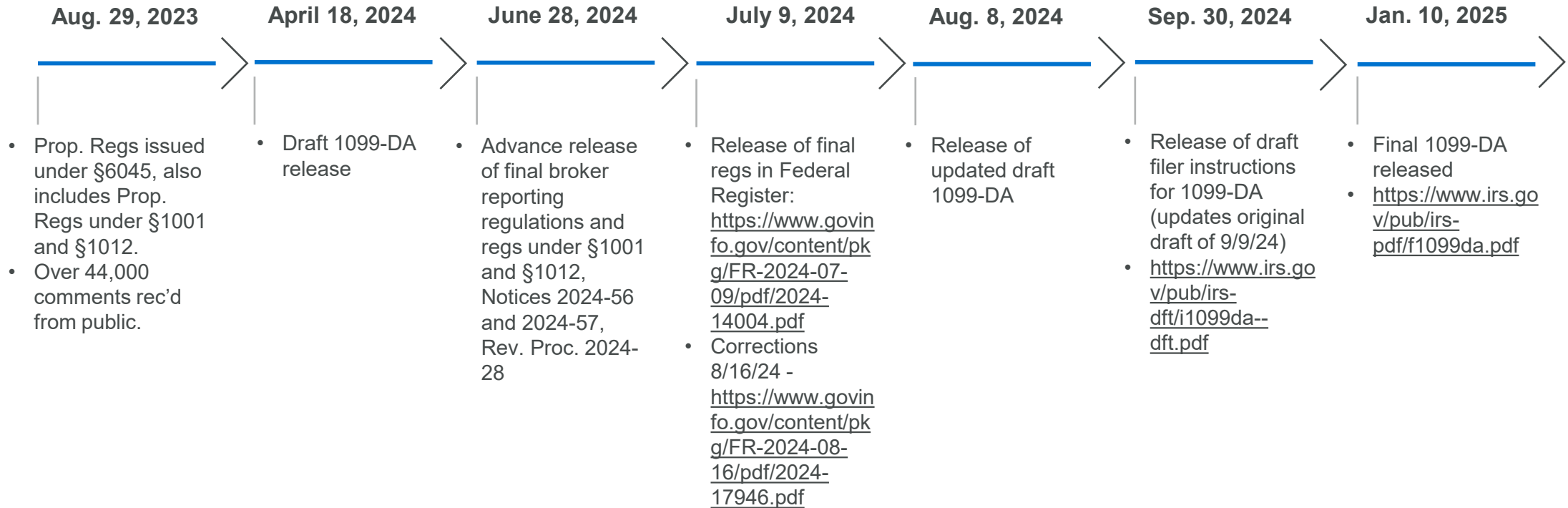
A person shall not be treated as a broker with respect to activities consisting of managing a farm on behalf of another person.

(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.

Dealing with the 2025 Forms 1099-DA

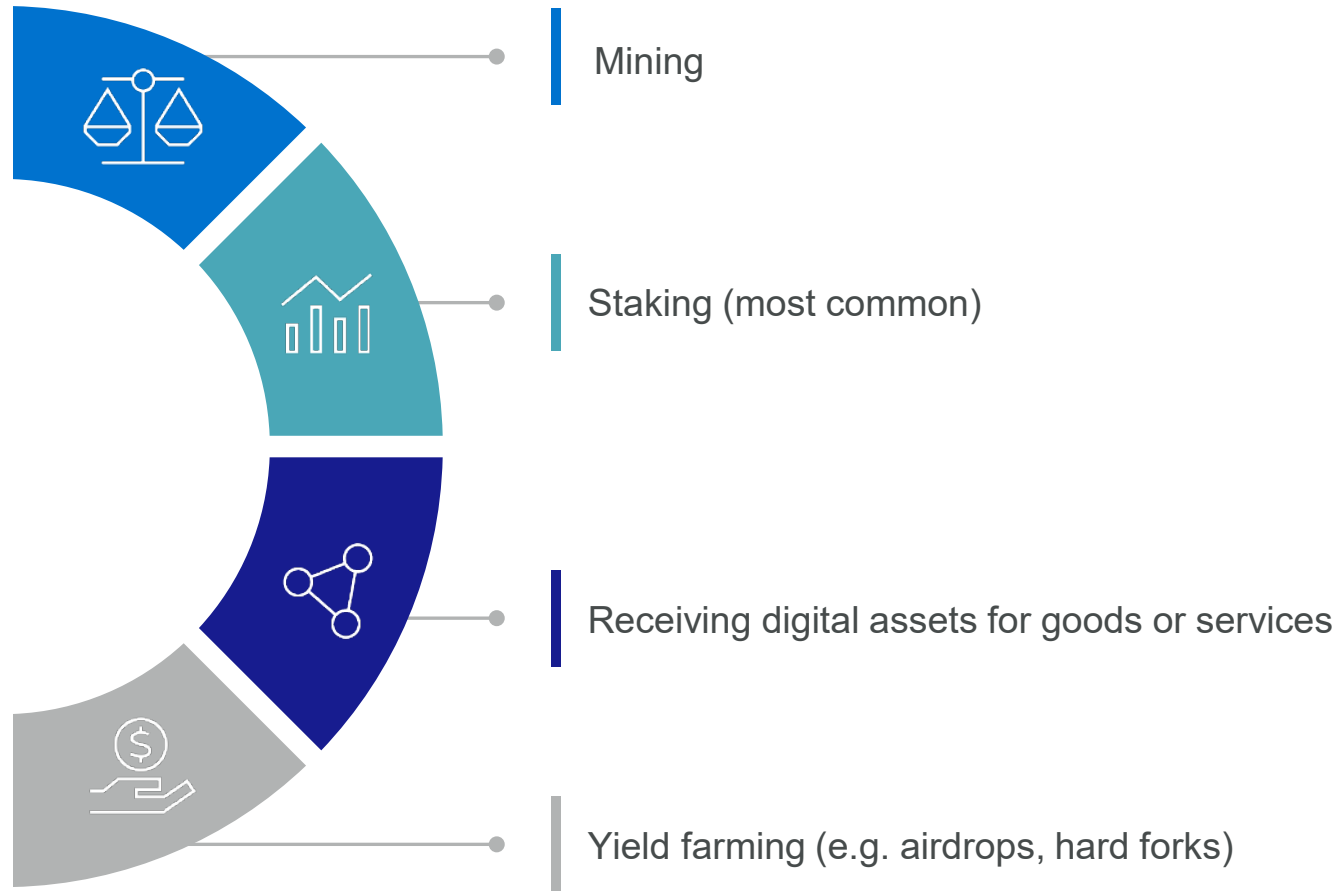
How did we get here?

The IIJA originally set an effective date for the new reporting requirements to begin applying for the 2023 tax year (statements furnished in 2024). However, due to the complexity of the regulations, these were delayed until tax year 2025 (statements furnished in 2026).



Dealing with the 2025 Forms 1099-DA

Examples of Ordinary Income Treatment



Federal Tax Treatment

Mining / Staking

- To the extent it constitutes a trade or business, may be ordinary income subject to SE tax
- Consider if taxpayer is active or passive

Investment Activities

- Consider Net Investment Income

02

Final (custodial) Digital
Asset Broker Reporting
Regs.



Dealing with the 2025 Forms 1099-DA

Number of Pages of Guidance Released by IRS

Disclaimer: We cannot touch on every nuance within the final regs in the short time we have together today.

Pages	Guidance	Description
365	Final Regulations	Custodial Broker reporting regulations. Non-custodial transactions are scoped out.
24	Rev. Proc. 2024-28	Safe Harbor for taxpayers to transition away from the Universal method (impermissible) to the Wallet-by-Wallet method.
15	Notice 2024-56	Provides transitional relief for brokers for failure to furnish Forms 1099-DA if the broker makes a good faith effort to comply.
11	Notice 2024-57	Defers information reporting for 6 categories of transactions until further guidance is issued.
7	Notice 2025-7	Provides temporary relief for taxpayers regarding specific identification of digital assets held in the custody of a broker where broker does not yet have systems in place.
422	Total	

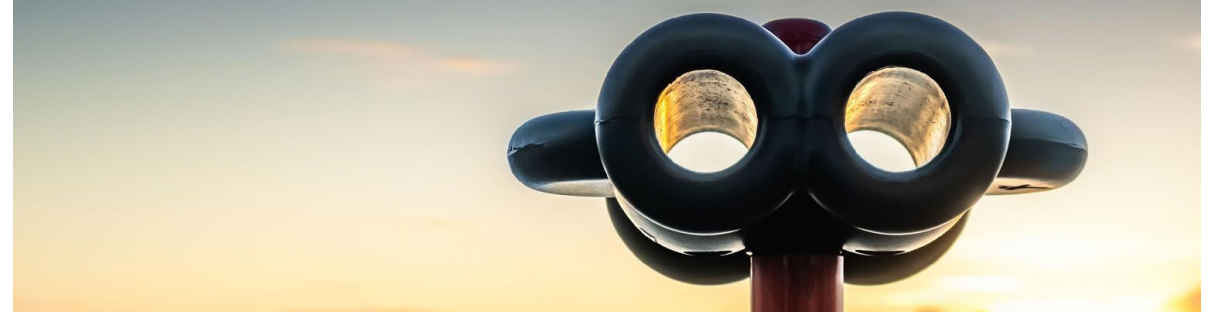
Dealing with the 2025 Forms 1099-DA

Who is *generally* in scope vs. out of scope?



In Scope

- **Custodial Brokers**
 - Industry participants that take possession of the digital assets being sold by customers
 - Examples:
 - Crypto exchanges
 - Crypto ATMs
 - Processors of Digital Asset Payments (allow consumers to pay merchants using crypto)

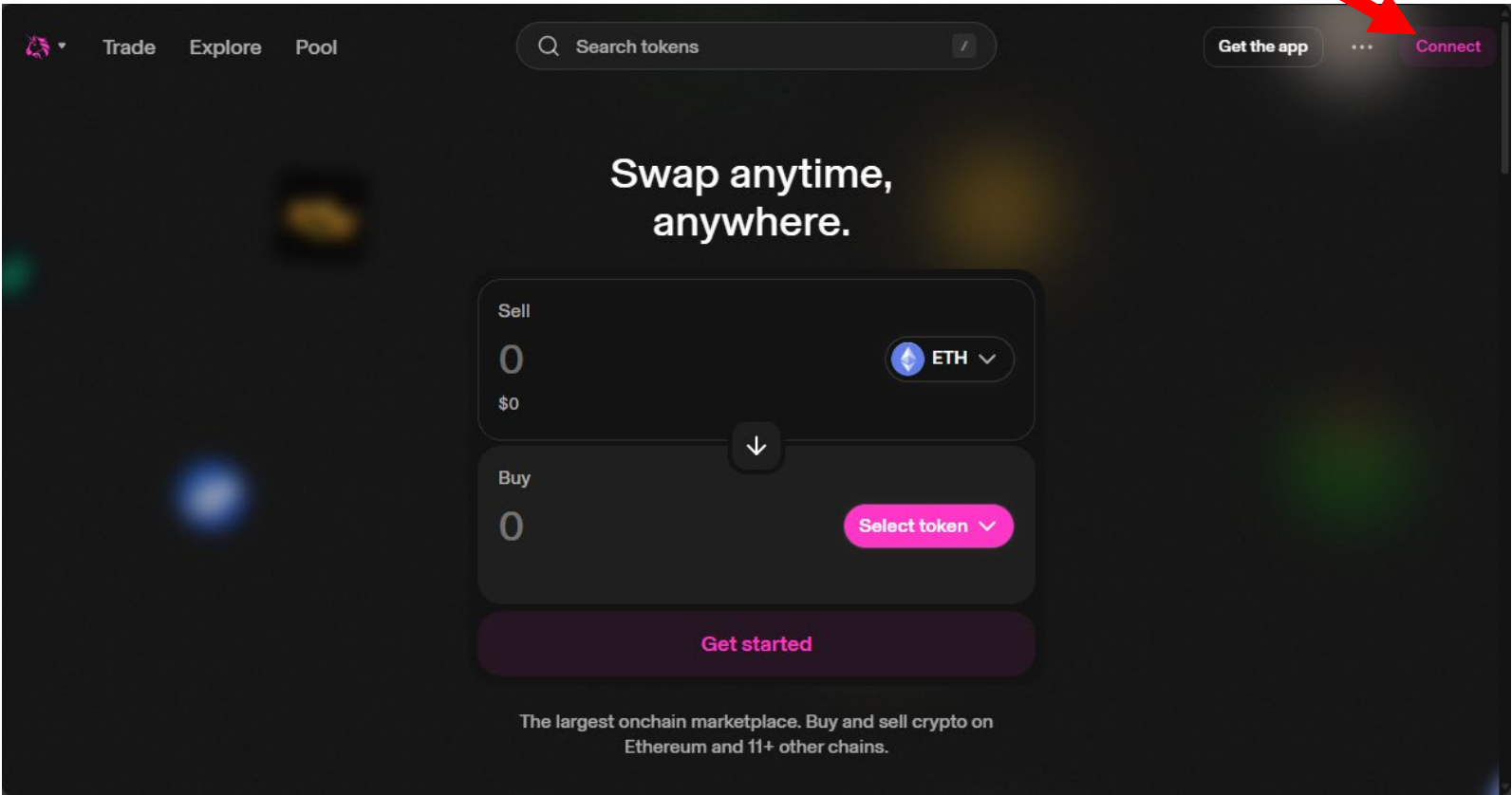


Out of Scope

- **Non-custodial apps**
 - Decentralized Finance (DeFi)
 - Unhosted wallet providers
 - Public / private key providers
 - Decentralized exchanges
- **Non-U.S. exchanges**
 - Pending further coordination with OECD Crypto-Asset Reporting Framework (CARF) –
 - It's possible non-U.S. exchanges may furnish information reporting in the future

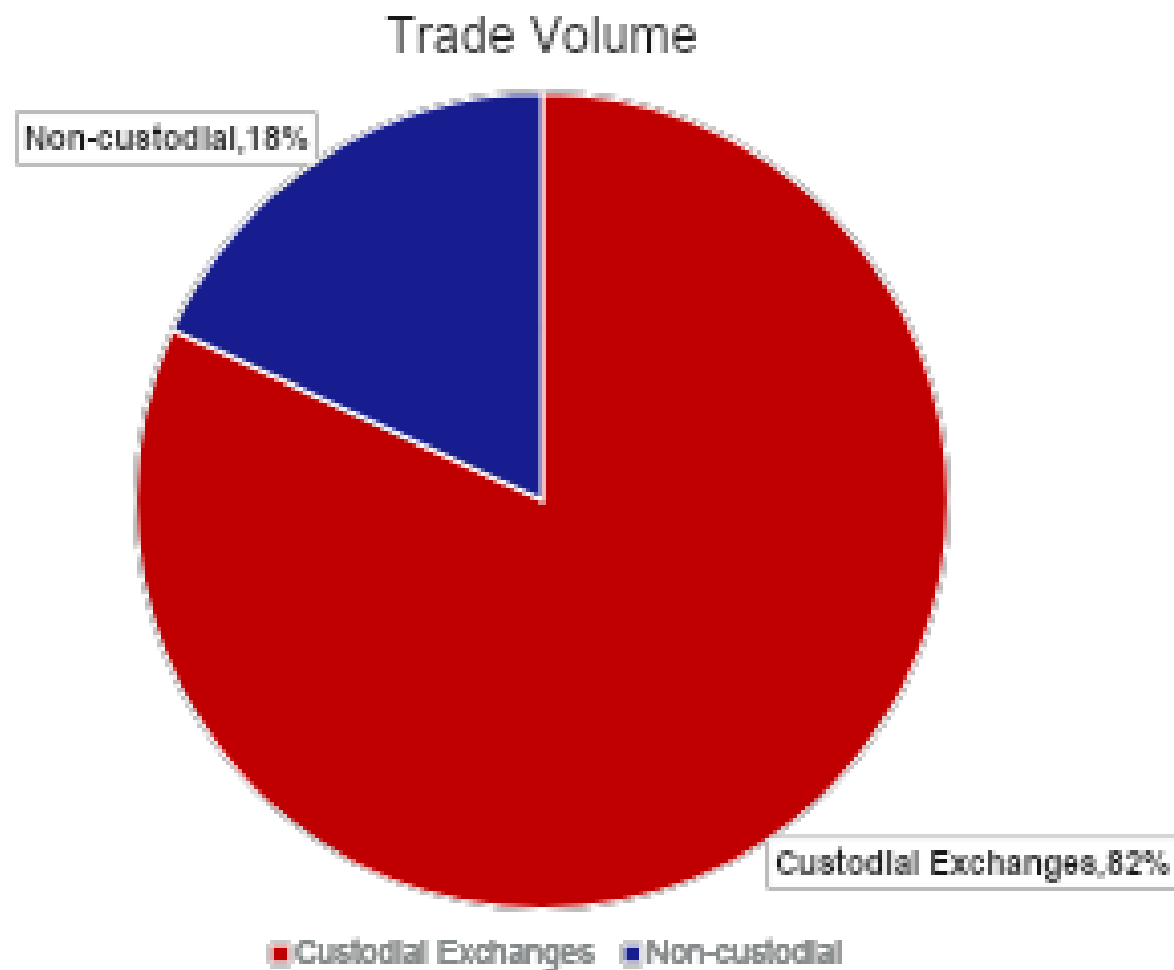
Dealing with the 2025 Forms 1099-DA

What is DeFi?



Share of custodial volume vs noncustodial volume

Data as of September 2025



Monthly Volume (billions)		
	Custodial	Non-Custodial
July	1,770	323.9
August	1,860	368.8
September	1,640	363.1

Dealing with the 2025 Forms 1099-DA

What is considered a sale?



Sale or Exchange - disposition of a digital asset in exchange for cash, one or more stored-value cards, or a different digital asset*.



Observations

* Fine Print

- Is not intended to apply to types of virtual assets that exist only in a closed system and cannot be exchanged outside that system for fiat currency.
- Also excludes NFTs issued as part of loyalty program that can't be sold outside of loyalty program.

Digital Asset Definition

- Any digital representation of value that is recorded on a cryptographically secured distributed ledger (or any similar technology), without regard to whether each individual transaction involving that digital asset is actually recorded on that ledger, and that is not cash

Dealing with the 2025 Forms 1099-DA

Relevant Dates for Broker Reporting



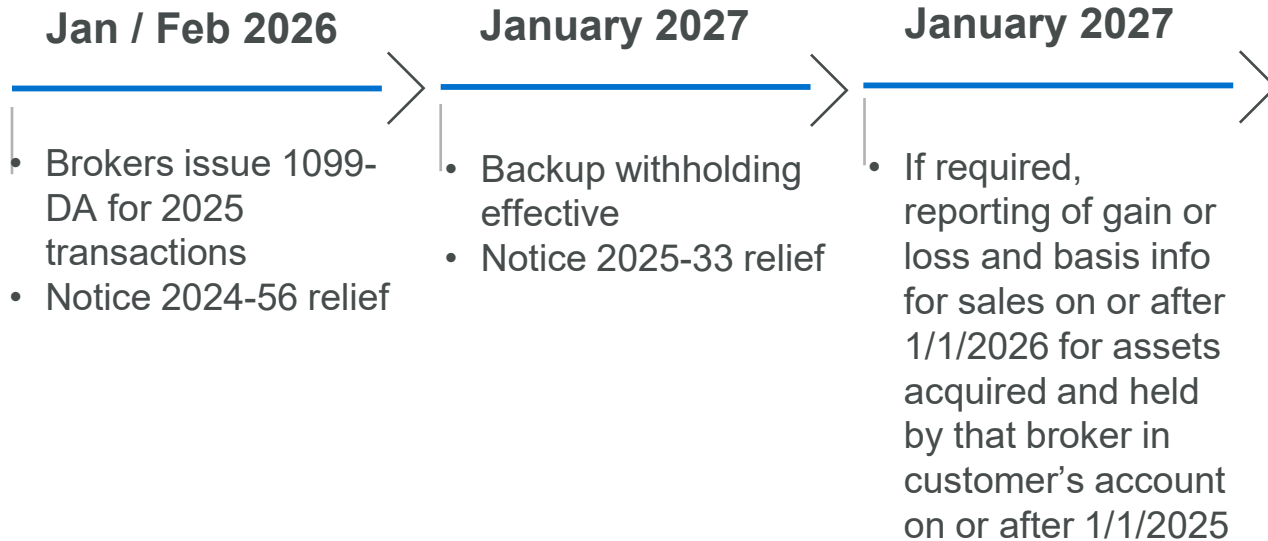
Observations

Covered Security

- “Covered security” for Form 1099-DA is a digital asset acquired after 2025 for cash, stored-value cards, different digital assets or certain property or services.
 - Staking rewards, credit card rewards, airdrops (and others) may not be covered securities.
- Digital asset must have been acquired in account for which broker provided custodial services and was held in that account until the broker effects the disposition.

Customer provided information

- Reg. 1.6045-1(d)(2)(ii) does not require brokers to accept specific identification instructions from customers or accept basis info from customers. Broker can offer just one method of making specific identification and it will count as standing order from customer.



Dealing with the 2025 Forms 1099-DA

Exempt and De Minimis Thresholds

Exempt?	Activities Exempt From Reporting
✓	Qualifying stablecoins exchange to another digital asset
✓	Tokenized securities that are interests in money market funds
✓	Sale of digital assets withheld by broker to pay for customer's transaction costs

Annual Threshold	De Minimis Threshold Activity
\$10,000	Qualifying Stablecoin sales to cash or other stablecoins
\$600	Specified NFTs
\$600	PDAP sales



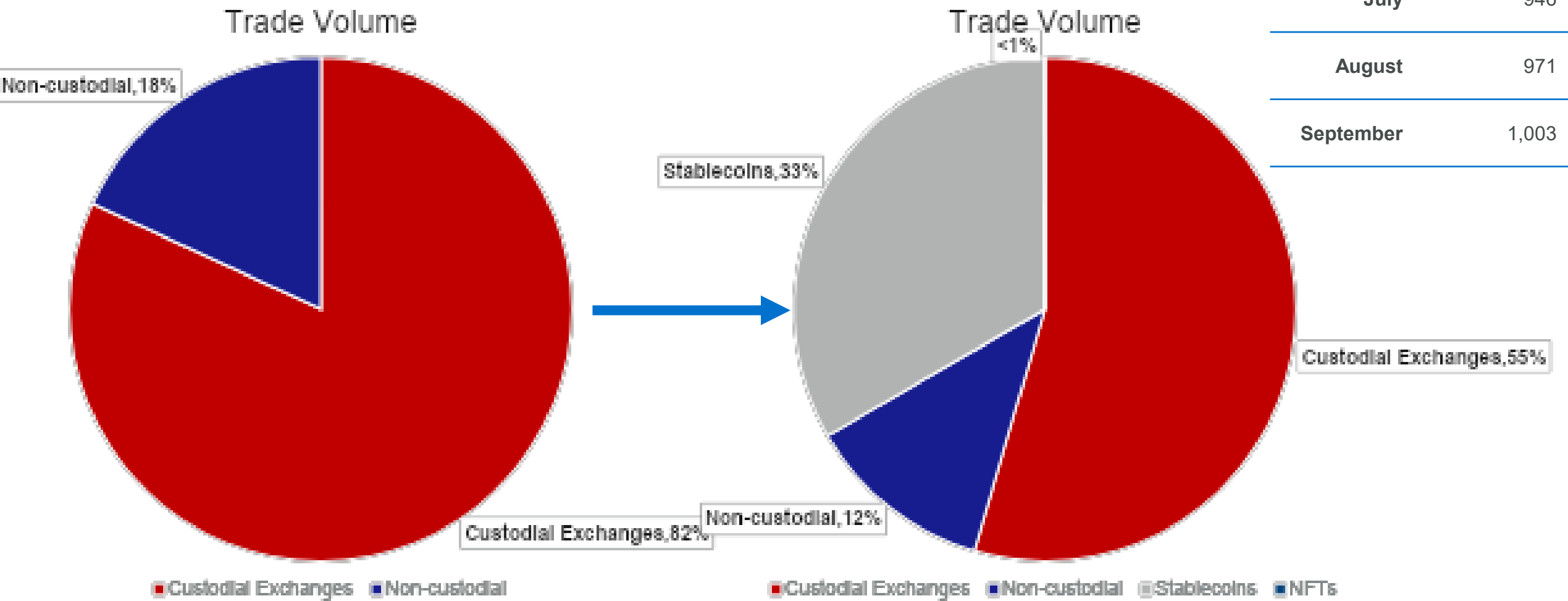
Observations

Qualifying stablecoins

- Different definition than that in the GENIUS Act
- Must meet 3 criteria:
 1. Designed to track on a one-to-one basis a single convertible currency issued by a government or central bank
 2. Meets 1 of 2 stabilization mechanisms:
 - Does not fluctuate more than 3% over any consecutive 10-day period.
 - Regulatory requirements apply requiring the issuer to redeem the stablecoin at any time on a one-to-one basis
 3. Must generally be accepted as payment by persons other than the issuer

Share of custodial volume vs noncustodial volume

Data as of September 2025



Select Form 1099-DA Observations

Letter codes (G, H, I, J, K, L) to help recipient. Example: G is short-term transaction where basis is reported to IRS. **Codes may not be required in 2025.**

Required if taxpayer has multiple accounts with broker. Brokers encouraged to put account # on all forms.

Only for tokenized securities (§ 1.6045-1(c)(8)(i)(D)(1))

☐ VOID ☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

Applicable checkbox on Form 8949

OMB No. 1545-2330

2025

Form **1099-DA**

Digital Asset Proceeds From Broker Transactions

Copy 1
For State Tax Department

1a Code for digital asset

1b Name of digital asset

1c Number of units

1d Date acquired

1e Date sold or disposed

1f Proceeds

1g Cost or other basis

1h Accrued market discount

1i Wash sales loss disallowed

2 Check if basis reported to IRS

3a Reported to IRS:

☐ Gross proceeds

☐ Net proceeds

3b Check if proceeds from:

☐ Reserved for future use

☐ QOF

4 Federal income tax withheld

5 Check if loss is not allowed based on amount in 1f

6 Gain or loss:

☐ Short-term

☐ Long-term

☐ Ordinary

7 Check if 1f is only cash

8 Check if broker relied on customer-provided acquisition information

9 Check if digital asset is a noncovered security

10

11a Check if gross proceeds reported in 1f is an aggregate amount for:

☐ Qualifying stablecoins

☐ Specified NFTs

11b If 11a checked, number of transactions

11c For aggregate reporting of specified NFTs, aggregate gross proceeds reported in 1f that are attributable to first sales by creator or minter

12a Number of units transferred in

12b If transferred in, provide transfer-in date

13

14 State name

15 State identification no.

16 State tax withheld

Form **1099-DA**

www.irs.gov/Form1099DA

Department of the Treasury - Internal Revenue Service

Select Form 1099-DA Observations

9-digit alphanumeric characters ID issued by Digital Token Identification Foundation. It not registered, enter 999999999.
<http://dtif.org> (need to register to access)
Query: Will IRS just put the list on web?

Full name of the digital asset reported. If used DTIF code in box 1a, use same name in 1b.

Only potentially applicable to sales of tokenized securities.

☐ VOID☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

FILER'S TIN

RECIPIENT'S TIN

RECIPIENT'S name

Street address (including apt. no.)

City or town, state or province, country, and ZIP or foreign postal code

Account number

CUSIP number

5 Check if loss is not allowed based on amount in 1f

9 Check if digital asset is a noncovered security

11b If 11a checked, number of transactions

14 State name

Applicable checkbox on Form 8949

1a Code for digital asset

1b Name of digital asset

1c Number of units

1d Date acquired

1f Proceeds

1h Accrued market discount

2 Check if basis reported to IRS

3b Check if proceeds from:

6 Gain or loss:

7 Check if 1f is only cash

10

11c For aggregate reporting of specified NFTs, aggregate gross proceeds reported in 1f that are attributable to first sales by creator or minter

15 State identification no.

OMB No. 1545-2330

2025

Form 1099-DA

1e Date sold or disposed

1g Cost or other basis

1i Wash sales loss disallowed

3a Reported to IRS:

4 Federal income tax withheld

8 Check if broker relied on customer-provided acquisition information

11a Check if gross proceeds reported in 1f is an aggregate amount for:

12a Number of units transferred in

12b If transferred in, provide transfer-in date

13

16 State tax withheld

Digital Asset Proceeds From Broker Transactions

Copy 1 For State Tax Department

Form 1099-DA

www.irs.gov/Form1099DA

Department of the Treasury - Internal Revenue Service

Summary of What Boxes Filer Completes

- a. must complete
- b. complete if applicable
- c. may voluntarily complete for 2025
- d. if digital assets sold because of option exercise
- e. if digital asset(s) sold, exchanged, or otherwise disposed of were transferred to a broker providing custodial services

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		Applicable checkbox on Form 8949		OMB No. 1545-2330	Digital Asset Proceeds From Broker Transactions
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		a		2025 Form 1099-DA	
a		1a Code for digital asset		a	Copy 1 For State Tax Department
FILER'S TIN a		1b Name of digital asset		a	
RECIPIENT'S name a		1c Number of units		a	
Street address (including apt. no.) a		1d Date acquired c	1e Date sold or disposed a		
City or town, state or province, country, and ZIP or foreign postal code a		1f Proceeds \$ a	1g Cost or other basis \$ c		
Account number a		1h Accrued market discount \$ c	1i Wash sales loss disallowed \$ c		
CUSIP number		2 Check if basis reported to IRS c <input type="checkbox"/>	3a Reported to IRS: <input type="checkbox"/> Gross proceeds <input type="checkbox"/> Net proceeds d		
5 Check if loss is not allowed based on amount in 1f b <input type="checkbox"/>		3b Check if proceeds from: <input type="checkbox"/> Reserved for future use <input type="checkbox"/> QOF b		4 Federal income tax withheld \$ b	
6 Gain or loss: <input type="checkbox"/> Short-term c <input type="checkbox"/> Ordinary <input type="checkbox"/> Long-term		7 Check if 1f is only cash b <input type="checkbox"/>		8 Check if broker relied on customer-provided acquisition information b <input type="checkbox"/>	
9 Check if digital asset is a noncovered security b <input type="checkbox"/>		10		11a Check if gross proceeds reported in 1f is an aggregate amount for: <input type="checkbox"/> Qualifying stablecoins <input type="checkbox"/> Specified NFTs	
11b If 11a checked, number of transactions		11c For aggregate reporting of specified NFTs, aggregate gross proceeds reported in 1f that are attributable to first sales by creator or minter \$		12a Number of units transferred in e	
14 State name b		15 State identification no. b		12b If transferred in, provide transfer-in date e	
16 State tax withheld \$ b		13			

Form 1099-DA www.irs.gov/Form1099DA Department of the Treasury - Internal Revenue Service

Sample Broker Substitute Form - Summary Page

Account No. 10000000

Account Name TEST DATA

Recipient TIN 122881234

Original 01/31/2026

2025 | 1099-DA Totals Summary

Refer to Digital Asset Proceeds from Broker Transactions for detailed information regarding these summary values. The amounts shown below are for informational purposes only.

Short-term Gains or (Losses)	Proceeds	Cost Basis	Market Discount	Wash Sale Loss Disallowed	Realized Gain/Loss
Basis reported to IRS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ordinary - (basis reported to IRS)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Basis not reported to IRS	\$11,808,198.69	\$37,546,379.69	\$0.00	\$0.00	\$1,473,800.07
Ordinary - (basis not reported to IRS)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Short-Term	\$11,808,198.69	\$37,546,379.69	\$0.00	\$0.00	\$1,473,800.07

Long-term Gains or (Losses)	Proceeds	Cost Basis	Market Discount	Wash Sale Loss Disallowed	Realized Gain/Loss
Basis reported to IRS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ordinary - (basis reported to IRS)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Basis not reported to IRS	\$3,319,649.51	\$3,313,548.97	\$0.00	\$0.00	\$5,988.56
Ordinary - (basis not reported to IRS)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Long-Term	\$3,319,649.51	\$3,313,548.97	\$0.00	\$0.00	\$5,988.56

Unknown Term	Proceeds	Cost Basis	Market Discount	Wash Sale Loss Disallowed	Realized Gain/Loss
Basis not reported to IRS	\$969,043.53	\$88,842.38	\$0.00	\$0.00	\$10,450.90
Ordinary - (basis not reported to IRS)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$969,043.53	\$88,842.38	\$0.00	\$0.00	\$10,450.90

THIS STATEMENT IS FOR INFORMATIONAL PURPOSES ONLY. THIS IS NOT A SUBSTITUTE FORM 1099.

Page 5 of 12

Sample Broker Substitute Form - Detail Page

2025

Recipient TEST DATA
123 TEST AVE
LAKE ELMO, MN 55042



FATCA filing requirement
Unchecked

TIN 122881234
Account No. 10000000



2025 | 1099-DA: Digital Asset Proceeds From Broker Transactions, continued OMB No. 1545-2330

Noncovered Short-Term Gains or Losses on Gross Proceeds

Report on Form 8949, Part I with Box B checked

The 1099-DA information referenced by a box number is reported to the IRS. Information on this page not referenced by a box number is not reported to the IRS but may assist you in completing your return. Taxpayers are responsible for the accuracy of their tax returns.

Box 2: Basis Not Reported to the IRS
Box 3a: Gross Proceeds

Box 6: Type of Gain or Loss - Short-Term
Box 9: Box Checked (Noncovered Security)

Code and Name of Digital Asset (Box 1a and 1b)	Number of Units or Units Transferred (Box 1c or Box 12a)	Date Acquired (Box 1d)	Date Sold or Disposed (Box 1e)	Proceeds (Box 1f)	Cost or Other Basis (Box 1g)	Gain/Loss Amount	Additional Information
ADA Cardano	23434.50967 (12a)	05/02/2024	03/02/2025	\$5,647.76	\$1,565.57	\$4,082.18	Boxes Checked: 8 Box 12b: 02/05/2025
	93847.21948 (12a)	06/04/2024	02/20/2025	\$5,647.76	\$1,565.57	\$4,082.18	Boxes Checked: 8 Box 12b: 01/20/2025
	328476.2254 (12a)	07/10/2024	01/12/2025	\$5,647.76	\$1,565.57	\$4,082.18	Boxes Checked: 8 Box 12b: 01/05/2025
	5000.22544 (12a)	08/05/2024	03/02/2025	\$5,647.76	\$1,565.57	\$4,082.18	Boxes Checked: 8 Box 12b: 02/05/2025
	Subtotals			\$22,591.04	\$6,262.28	\$16,328.72	
ETH Ethereum	89.55545523 (1c)	01/03/2025	01/06/2025	\$239,113.10	\$239,116.10	\$0.00	
	15.00012434 (1c)	01/08/2025	01/06/2025	\$40,050.27	\$31,500.21	\$8,550.06	
	25.02256488235142 (1c)	03/01/2024	01/01/2025	\$66,810.25	\$46,291.75	\$20,518.50	Boxes Checked: 8
Subtotals				\$345,973.62	\$316,908.06	\$29,068.56	
XRP Ripple	1.22355 (1c)	06/01/2024	04/01/2025	\$2.88	\$2.81	\$0.06	Box 4: \$0.69 Boxes Checked: 7
Total (8 items)				\$368,567.54	\$323,173.15	\$45,397.34	

THIS IS YOUR FORM 1099 (COPY B FOR RECIPIENT). KEEP FOR YOUR RECORDS.
This is important tax information and is being furnished to the Internal Revenue Service (except as indicated). If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the income is taxable and the IRS determines that it has not been reported.

Sample Broker Substitute Form - Optional Aggregation Method

2025

Recipient TEST DATA
123 TEST AVE
LAKE ELMO, MN 55042



FATCA filing requirement
Unchecked

TIN 122881234
Account No. 10000000



2025 | 1099-DA: Digital Asset Proceeds From Broker Transactions,
continued

OMB NO. 1545-2330

Qualifying stablecoins & Specified NFTs

The 1099-DA information referenced by a box number is reported to the IRS. Information on this page not referenced by a box number is not reported to the IRS but may assist you in completing your return. Taxpayers are responsible for the accuracy of their tax returns.

Qualifying Stablecoins

Code and Name of Digital Asset (Box 1a and 1b)	Number of Transactions (Box 11b)	Number of Units or Units Transferred (Box 1c or Box 12a)	Proceeds (Box 1f)	Additional Information
USDT Tether	876	456345.8263 (1c)	\$456,345.63	
USDC USD Coin	456	3523.45 (1c)	\$3,523.45	Boxes Checked: 7

Specified NFTs

Code and Name of Digital Asset (Box 1a and 1b)	Number of Transactions (Box 11b)	Number of Units (Box 1c)	Proceeds (Box 1f)	Additional Information
- CryptoPunks	234	756.23	\$352,346.72	
- NIFTY-NFTs	768	57534.45	\$57,534.45	Box 11c: \$57,534.45

FOOTNOTES

Box 7: Check if 1f is only cash
Box 11c: For aggregate reporting of specified NFTs, aggregate gross proceeds reported in 1f that are attributable to first sales by creator or minter

THIS IS YOUR FORM 1099 (COPY B FOR RECIPIENT). KEEP FOR YOUR RECORDS.

Dealing with the 2025 Forms 1099-DA Notice 2024-56 & 2025-33



Transitional relief for brokers to report digital asset sales effected in calendar year 2025

- For brokers who make a good faith effort
- Issued to allow brokers to develop a process for collecting TINs from customers



Transitional relief for brokers from the liability for the payment of backup withholding tax required to be withheld

- Backup withholding not required on any digital asset sale effected by brokers until January 1, 2027



Observations

Impact on Taxpayers

- Allows brokers to issue 1099-DA's up to one year late without penalty
- Watch for 2025 1099-DA's that may come in after taxpayer's return has been filed.

Dealing with the 2025 Forms 1099-DA

Notice 2024-57

“Certain digital asset transactions require further study to determine how to facilitate appropriate reporting. Until that determination is made, brokers are not required to make a return on these identified transactions and IRS will not impose penalties for failure to file information returns or failure to furnish payee statements.”

Required?	Activity
✗	Wrapping and unwrapping transactions
✗	Liquidity provider transactions
✗	Staking transactions
✗	Lending of digital assets
✗	Short sales of digital assets
✗	Notional principal contract (swaps)



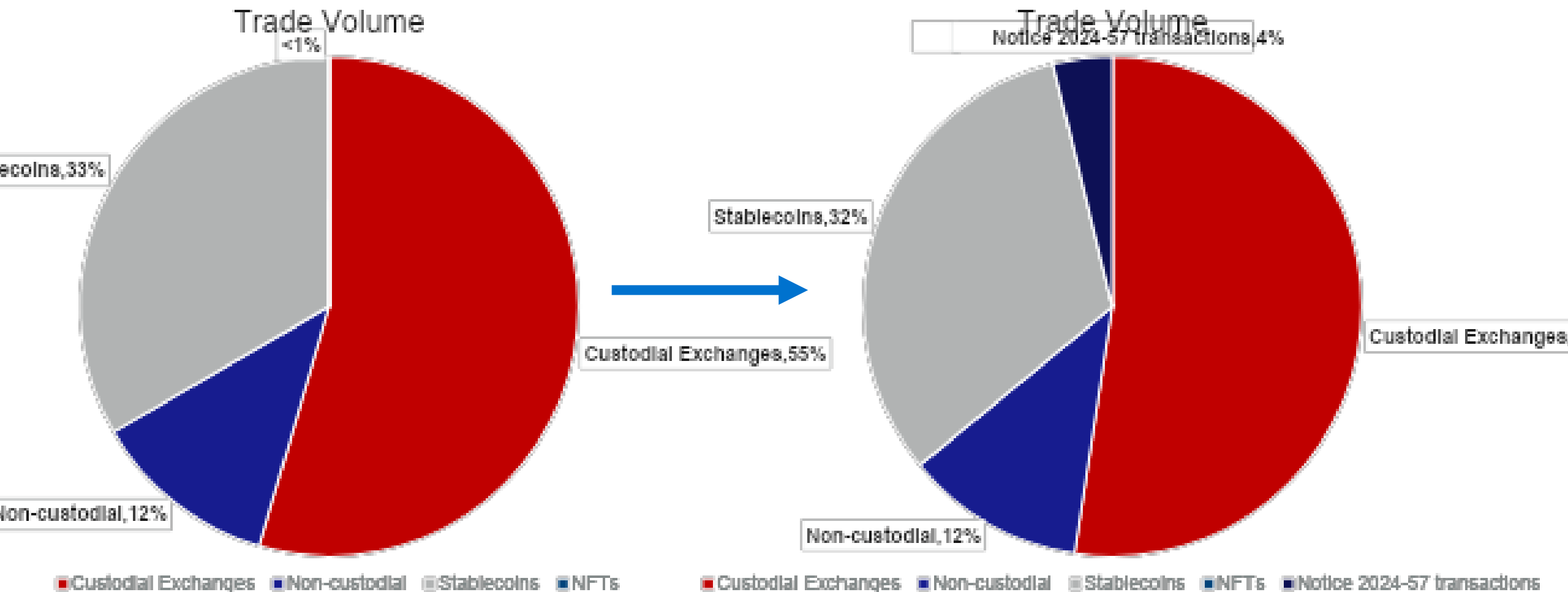
Observations

Other Forms 1099s

- This notice exempts these transactions from 1099-DA reporting but does not specify that these transactions are exempted from other information reporting requirements.
- For example, staking rewards may be reported on Form 1099-MISC
- 1099-MISC is due January 31 -- taxpayers will likely receive these before 1099-DAs

Share of custodial volume vs noncustodial volume

Data as of September 2025



Dealing with the 2025 Forms 1099-DA Rev. Proc. 2024-28



Provides a safe harbor for taxpayers using the universal method to transition to wallet by wallet (or account by account) by allocating unused basis as of 1/1/2025 via an approved method

- Does not apply to assets acquired on or after 1/1/2025



Universal method deemed impermissible

- Commonly used by crypto tax software's to determine cost basis
- Effectively “mashes” all transactions from all sources into one column and determines cost basis
- IRS FAQs 39-41 lead taxpayers to believe this was allowed and this was acknowledged in the preamble to the proposed regs



Observations

Timing of Compliance

- Generally, the due date to comply with this safe harbor was 12/31/2024.
- However, taxpayers who previously used the universal method of accounting still need to transition to a permissible method.
- May lose out on safe harbor – which isn't explicitly stated in the Rev. Proc. but believed to be examination relief.

03

How Practitioners Can Prepare



Client Acceptance / Continuance

- 1. Add a question to your tax organizer
 - a) Easy way to capture the question that is now applicable to most forms.

Form **1040**

Department of the Treasury—Internal Revenue Service

U.S. Individual Income Tax Return

2024

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning _____, 2024, ending _____, 20____

See separate instructions.

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.

Presidential Election Campaign
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.
☐ You ☐ 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

Filing Status

☐ Single ☐ Head of household (HOH)

☐ Married filing jointly (even if only one had income) ☐ Qualifying surviving spouse (QSS)

☐ Married filing separately (MFS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____

☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required): _____

Digital Assets

At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No

Standard Deduction

Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent

☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness

You: ☐ Were born before January 2, 1960 ☐ Are blind

Spouse: ☐ Was born before January 2, 1960 ☐ Is blind

Crypto tax software is undergoing a fundamental shift

Crypto tax software is evolving in response to new reporting requirements

Pre-1099-DAs source of truth → crypto tax software/TPs' books & records

Post-1099-DA source of truth →

Transaction type/source of truth 2025 TY+	Broker/1099-DA	Crypto tax software
CeFi Transactions reported on 1099-DAs	✓	✗
CeFi Transactions NOT reported on 1099-DAs	✗	✓
ALL DeFi transactions	✗	✓



Observations

Two Approaches to Combining Source of Truth

- Transaction by transaction matching
- Summary matching

Design principles for the 1099-DA experience

01

Simple user experience:

The system presents all viable paths and tradeoffs clearly, giving users full control over their outcome, while making each option understandable without requiring tax or crypto expertise. Optimized for the 80–90% use cases based on user research.

02

Minimize IRS matching notices:

Outputs must align with IRS matching logic and third-party reporting to minimize downstream audit risk.

03

Audit trail:

Every reported figure must be fully traceable and explained thoughtfully.

04

Rely upon Notice 2025-7:

Design and reporting positions should explicitly follow IRS Notice 2025-7.



Observations

IRS Notice 2025-7

- Some brokers may not have the technology in place needed to accept specific instructions or standing order communicated by taxpayers.
- Provides *temporary* relief from adequate identification rules for broker-held digital asset cost basis.
- Applies to dispositions occurring between January 1, 2025, and December 31, 2025 (the relief period).

Transaction by transaction matching approach

Goal

Marry the cost basis we have with 1099-DA proceeds for each disposition.

Limitation

Ideal state but virtually impossible currently due to API limitations.

1b-Name / Symbol / 1a-Code for digital asset					
1e-Date sold or disposed	1c-Number of units	1f-Proceeds	1d-Date acquired	1g-Cost or other basis	Gains/losses
Bitcoin / CUSIP: BTCUSD / 4H95J0R2X					
03/29/25	0.093717	28,297.21	03/28/23	Missing	Unknown
04/06/25	0.093717	27,900.89	04/05/23	Missing	Unknown
12/04/25	0.0001	4.15	12/03/23	Missing	Unknown
	Total:	56,202.25			Unknown

 CoinTracker

Summary matching and rely on Notice

Involves matching CoinTracker proceeds with 1099-DA proceeds on an aggregated basis

Collect	<ul style="list-style-type: none">• Ingest 1099-DAs
Compare	<ul style="list-style-type: none">• Compare 1099-DA reported amounts with amounts calculated by CoinTracker
Review	<ul style="list-style-type: none">• Flag discrepancies
Resolve	<ul style="list-style-type: none">• Offer options to resolve discrepancies easily
Generate	<ul style="list-style-type: none">• Generate Form 8949 summaries and attachments based on above



Causes of discrepancies

- **APIs are not built for tax purposes**
- **Valuation differences**
- **User manual edits**
- **Other bugs**

1099-DA Reconciling Scenarios

No Differences

- CoinTracker proceeds = 1099-DA proceeds

Slight Overstatement

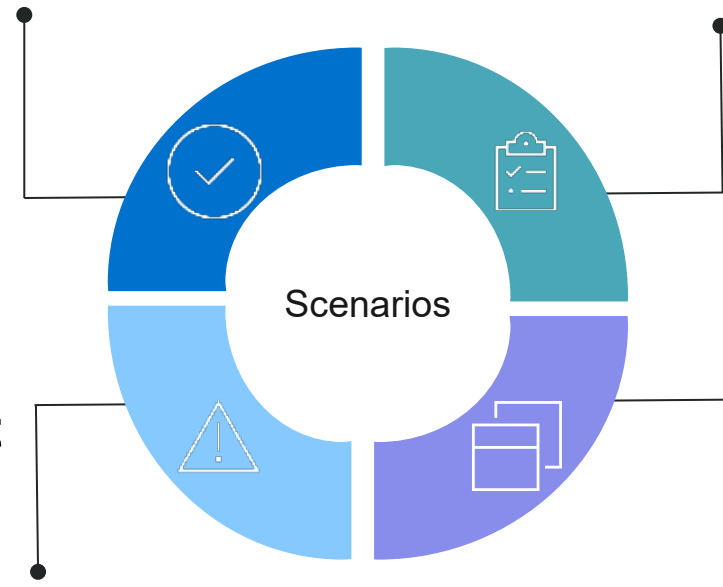
- CoinTracker proceeds > 1099-DA proceeds [0.5% - 10%]
 - No adjustment *Recommended*
 - Adjust (negative adjustment)
 - Review CoinTracker transaction data and recalculate, then pick I or II

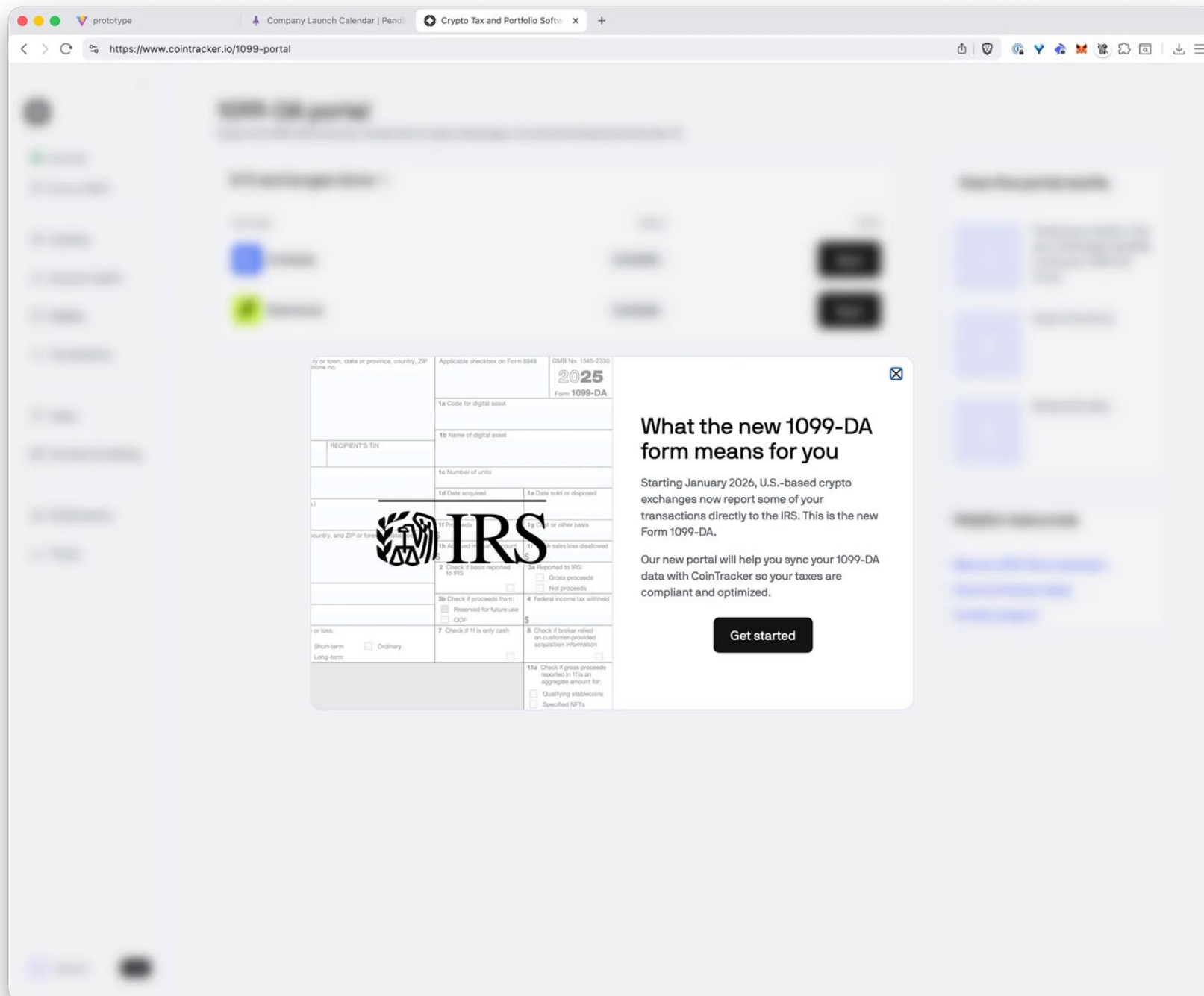
Moderate overstatement or understatement

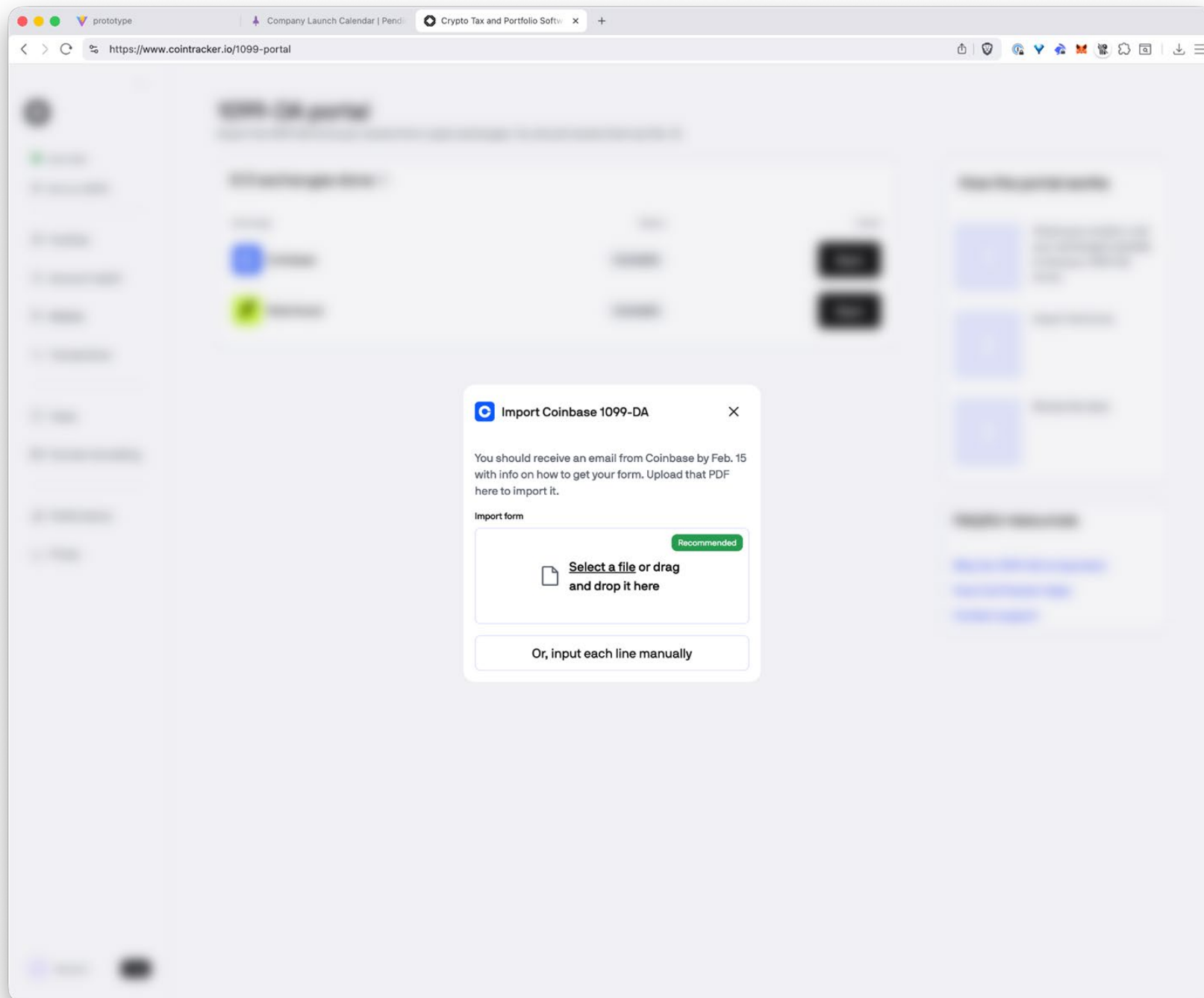
- CoinTracker proceeds are off by +/- 10%
- Review transactions and fix things

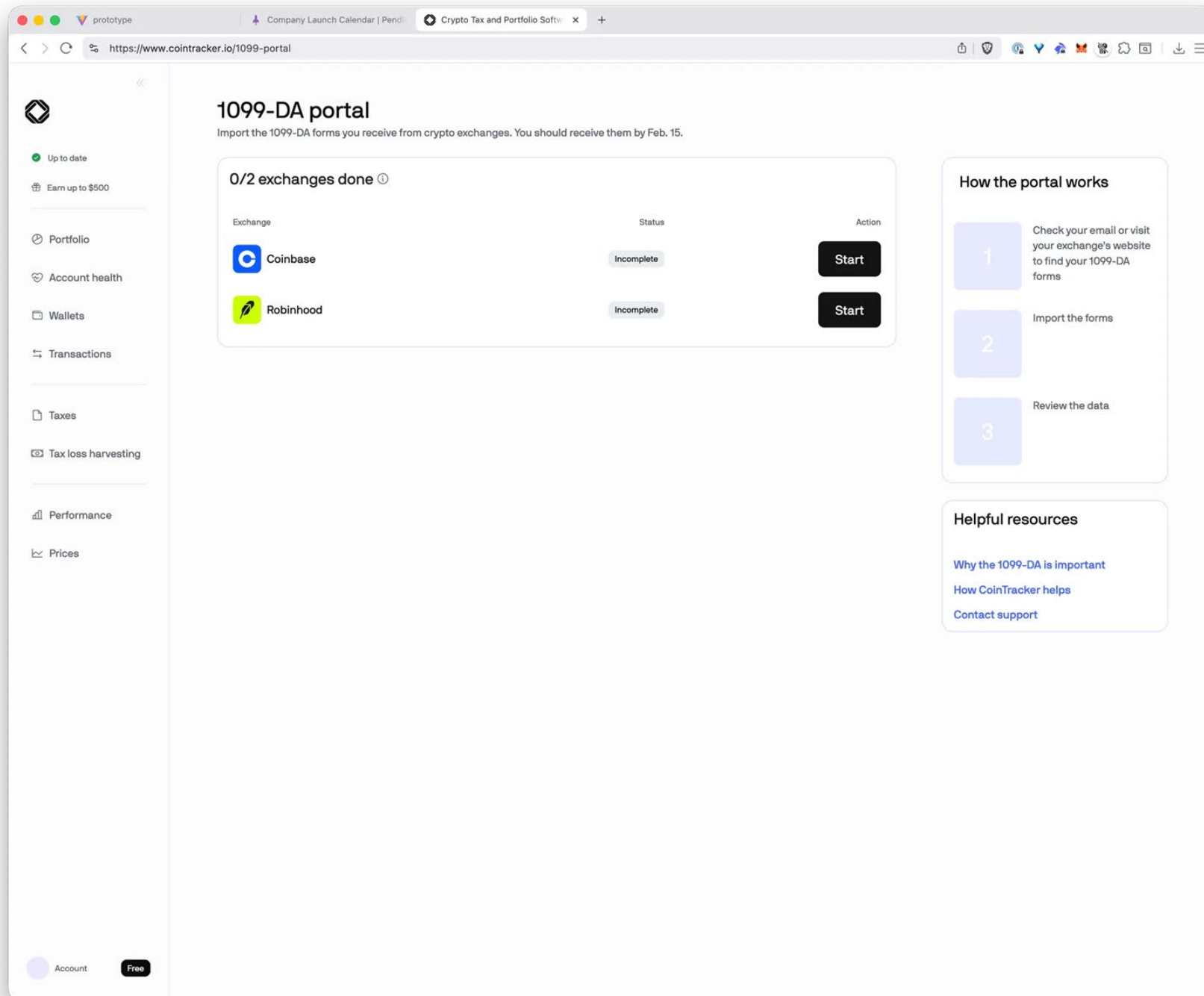
Slight understatement

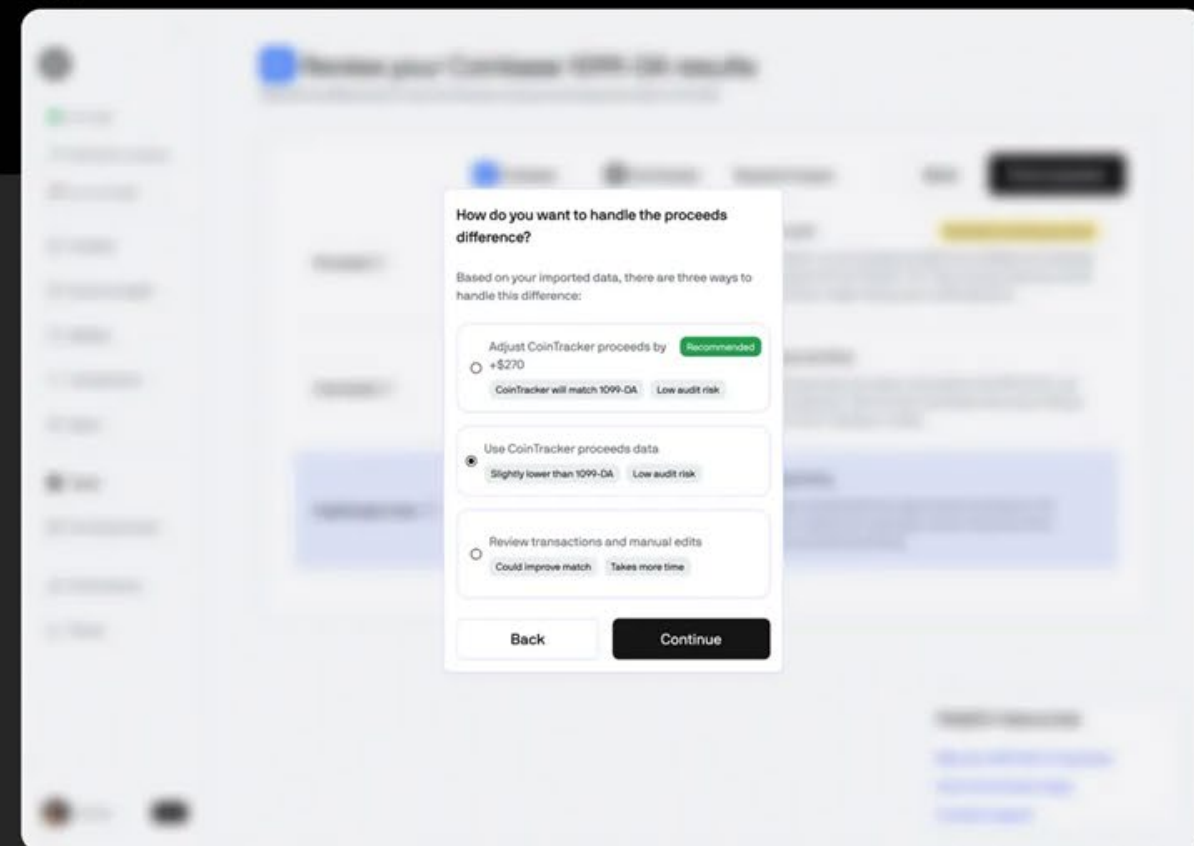
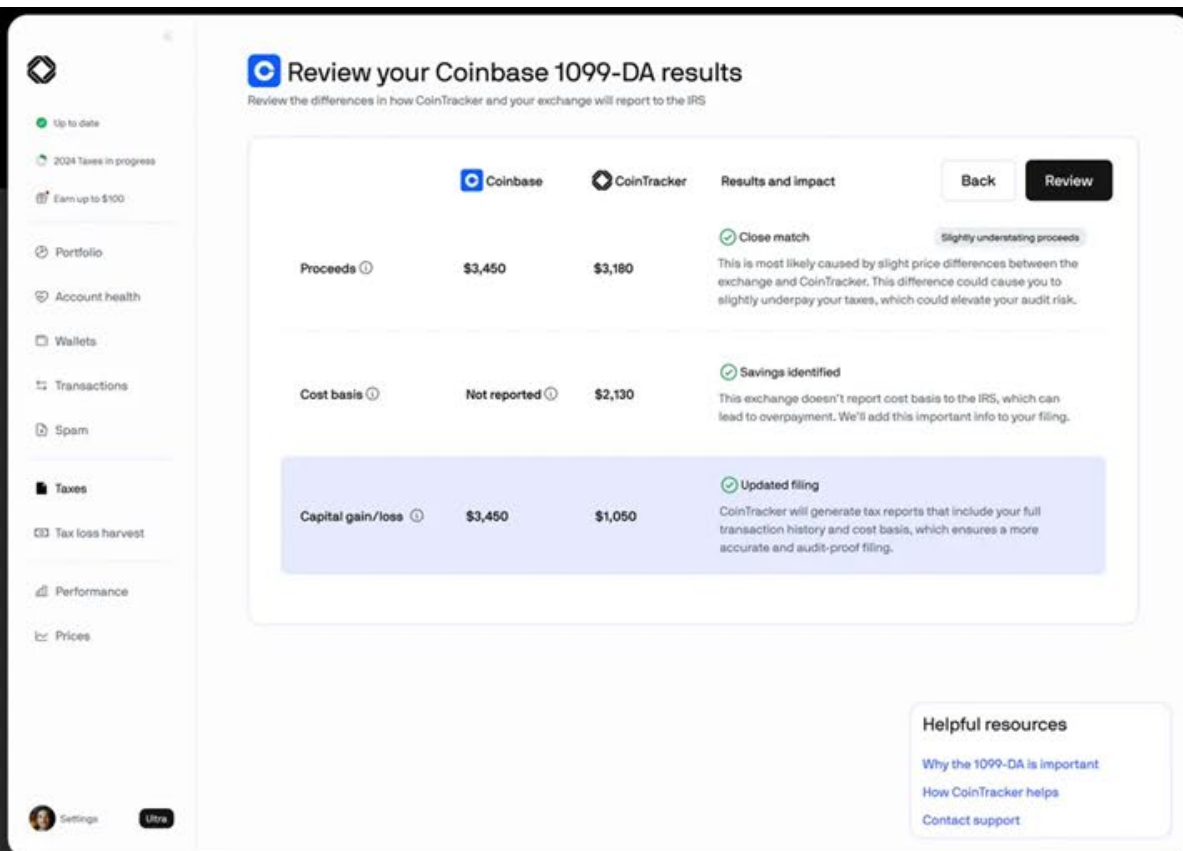
- CoinTracker proceeds < 1099-DA proceeds [0.5% - 10%]
 - Adjust (positive adjustment) *Recommended*
 - No adjustment
 - Review CoinTracker transaction data and recalculate, then pick I or II











Outputs: 8949 summary entries + attachment

Form **8949**

Department of the Treasury
Internal Revenue Service

Name(s) shown on return

Sales and Other Dispositions of Capital Assets
File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.
Go to www.irs.gov/Form8949 for instructions and the latest information.

OMB No. 1545-0074
2025
Attachment Sequence No. **12A**

Social security number or taxpayer identification number

Before you check Box A, B, C, G, H, or I below, see whether you received any Form(s) 1099-B, Form(s) 1099-DA, or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B or Form 1099-DA. They will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part I Short-Term. Transactions involving capital assets you held 1 year or less are generally short-term (see instructions). For long-term transactions, see page 2.

Note: You may aggregate all short-term transactions reported on Form(s) 1099-B and Form(s) 1099-DA showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 1a; you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, C, G, H, or I below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

☐ (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)

☐ (B) Short-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS

☐ (C) Short-term transactions, other than digital asset transactions, not reported to you on Form 1099-B or Form 1099-DA

☐ (G) Short-term transactions reported on Form(s) 1099-DA showing basis was reported to the IRS (see Note above)

☒ (H) Short-term transactions reported on Form(s) 1099-DA showing basis was not reported to the IRS

☐ (I) Short-term digital asset transactions not reported to you on Form 1099-DA or Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the Note below and see Column (e) in the separate instructions.	(f) Code(s) from instructions	(g) Amount of adjustment	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).
	Coinbase short-term. See Statement H	Various	12/31/25	100,000	50,000	M	0	50,000

Statement H - 8949 Part I, Box H
(Short-term transactions reported on Form 1099-DA showing basis was not reported to the IRS)



The taxpayer received one or more Forms 1099-DA from exchanges reporting proceeds from digital asset sales. The taxpayer maintains detailed digital asset transaction records through CoinTracker which serve as the taxpayer's books and records for determining cost basis, holding period, and taxable gain or loss.

*To reconcile 1099-DA-reported data with the taxpayer's books & records, the total proceeds reported on Form 1099-DA are listed below, followed by an equal and offsetting adjustment to eliminate the 1099-DA-reported proceeds. The subsequent lines show the taxpayer's dispositions based on their own books and records. This approach ensures that the total digital asset proceeds reported on Form 8949 (box H and K) align with the 1099-DA-reported amounts, while accurately reflecting gains and losses as determined from the taxpayer's records.

**This 1099-DA Matching Entry represents the cumulative annual difference between the proceeds reported per the 1099-DA and the proceeds calculated per taxpayer's records. These differences may be caused by variations in market value, inconsistent record-keeping between the broker and taxpayer, slightly differing or incomplete data sources or other technical data issues unique to digital assets space.

Coinbase

Description of property	Date acquired	Date sold or disposed	Proceeds	Cost or other basis	Code(s) from instructions	Amount of adjustment	Gain or loss
Proceeds per Coinbase 1099-DA			100,000				100,000
Offsetting adjustment*			(100,000)				(100,000)
0.5 ETH	1/1/25	12/31/25	49,750	25,000	-	-	24,750
0.5 ETH	12/1/25	12/31/25	49,750	25,000	-	-	24,750
1099-DA Matching Entry**			500	0	-	-	500
Coinbase subtotals - reported on Form 8949, Part I, Box H			100,000	50,000			50,000

8949 attachment footnote

The taxpayer received one or more Forms 1099-DA from exchanges reporting proceeds from digital asset sales. The taxpayer maintains detailed digital asset transaction records through CoinTracker which serve as the taxpayer's books and records for determining cost basis, holding period, and taxable gain or loss.

*To reconcile 1099-DA-reported data with the taxpayer's books & records, the total proceeds reported on Form 1099-DA are listed below, followed by an equal and *offsetting adjustment to eliminate the 1099-DA-reported proceeds. The subsequent lines show the taxpayer's dispositions based on their own books and records. This approach ensures that the total digital asset proceeds reported on Form 8949 (box H and K) align with the 1099-DA-reported amounts, while accurately reflecting gains and losses as determined from the taxpayer's records.*

***1099-DA Matching Entry: Represents the cumulative annual difference between the proceeds reported per the 1099-DA and the proceeds calculated per taxpayer's records. These differences may be caused by variations in market value, inconsistent recordkeeping between the broker and taxpayer, slightly differing or incomplete data sources or other technical data issues unique to digital assets space.*

Dealing with the 2025 Forms 1099-DA

Consider Your Fee Structure

