



## Crypto Tax Reporting

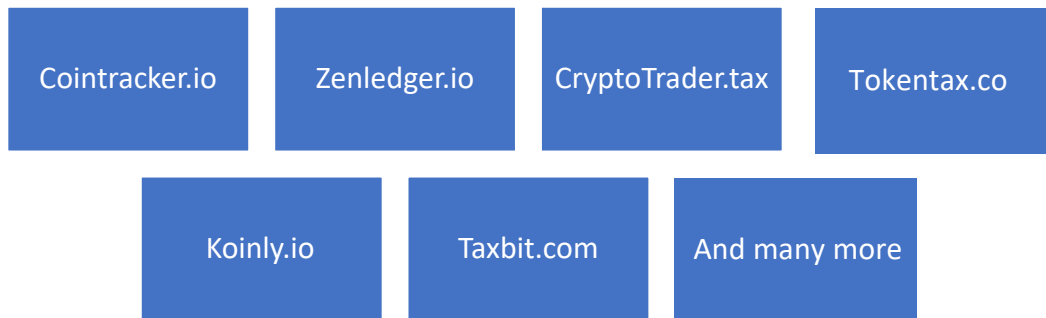
If you are involved in cryptocurrencies (virtual currencies) you are required to disclose this on your annual tax return. This includes receiving, buying, selling, gifting or any other transaction involving virtual currencies.

Depending upon what transactions transpired during the year, and the various exchanges used, the reporting may be quite intensive.

There may be situations that can result in taxable events even though you did not personally sell or otherwise initiate the transactions. These may occur in situations such as a fork or airdrop of one of the currencies you own. Additionally, watching videos to earn crypto coins will also result in a taxable event.

In order to calculate the proper tax implications, including gains and losses, we recommend individuals involved in virtual currencies to use a third-party tax reporting program to obtain their Form 8949s. The third-party software must be linked to all (100%) of your wallets and exchanges in order to properly calculate the tax gains.

Some of the third-party software conversion platforms that are available include the following:



The best one for each individual will be based on the number of transactions, exchanges utilized, and types of coins/tokens held. Please make sure whichever program you choose will support the currencies you own. There are others available, but you will need ensure all of your transactions will be included when choosing your program. Our clients have used the above and they provide the necessary reports for reporting the transactions properly on the tax return.

If all of your cryptocurrency transactions are exclusively conducted in a US Regulated Brokerage account that provides the necessary reports, you may still need to use a third-party crypto tax program to obtain your reported tax transactions for the year. If you transferred coins between exchanges, the exchange will probably not have your accurate cost basis, thus you would still need to use a third-party software to link all wallets and exchanges.

### Key Aspects of Virtual currency

<ul style="list-style-type: none"> <li>▪ Usually treated as property</li> <li>▪ Not considered foreign currency, so no foreign currency exclusion</li> <li>▪ Considered self-employment income (valued at FMV date/time of receipt) <ul style="list-style-type: none"> <li>- when received for services</li> <li>- when mined</li> <li>- treated as wages if paid by employer</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Inventory methods FIFO or specific identification</li> <li>▪ Charitable contribution – contribution of property</li> <li>▪ Fees add to basis</li> <li>▪ Blockchain explorer may determine FMV</li> <li>▪ Subject to all information reporting/withholding (1099s)</li> <li>▪ Gain/loss created upon exchange for other property including other crypto</li> <li>▪ Forks/airdrops - reported as ordinary income - valued at FMV date/time of receipt (not capital gains)</li> </ul>
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Client Name(s): \_\_\_\_\_

Tax Year: \_\_\_\_\_

1. Did you own any Cryptocurrency or Virtual Currency during the tax year? (this includes Bitcoin, Ethereum, Doge Coin, Litecoin, or other coins/tokens available on various cryptocurrency exchanges)

Yes or No

2. Are you a Crypto Miner? (either through proof of work or proof of stake)

Yes or No

3. Please list all exchanges that you have virtual currencies. (Robinhood, coinbase, Kraken, Uphold, Crypto.com, ....etc. This includes US Brokerages that provide you with a 1099-B directly such as Robinhood Crypto, Paypal, Cash App, as well as any non US Brokersages.) Attach a separate sheet if necessary.

Exchange / Wallet Name	Did you provide the 1099 or consolidated 3rd Party Tax Software
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

4. Did you have cryptocurrencies in other exchanges or personal Crypto wallets? (not listed above)

Yes or No (if yes, explain)

5. Have you provided us a copy of your consolidated Form 8949 generated from a third-party conversion platform program that links all of your wallets and exchanges not already reported from a US Regulated Exchange?

Yes or No (please see page 1 for list of Tax Conversion programs)

6. Did you have any airdrops or forks during the year?

Yes or No (if yes, explain)

7. Did you have any transactions where you transferred crypto currencies to someone else?

Yes or No (if yes, explain)

8. Did you participate in any ICO (initial coin offerings), ITO (initial token offerings) or IEO (initial exchange offerings) during the year?

Yes or No (if yes, explain)

9. Did you receive any free crypto or bonuses during the year? This includes any types of free coins for signing up or watching videos?

Yes or No (if yes, please provide list of types and amounts)

\_\_\_\_\_  
Taxpayer's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spouse's Signature

\_\_\_\_\_  
Date