Nationwide 2025 Tax Forum

IRS

Taxable Digital Asset Transactions: The Impact of the Form 1099-DA on Tax Year 2025

IRS – Office of Digital Assets

Objectives

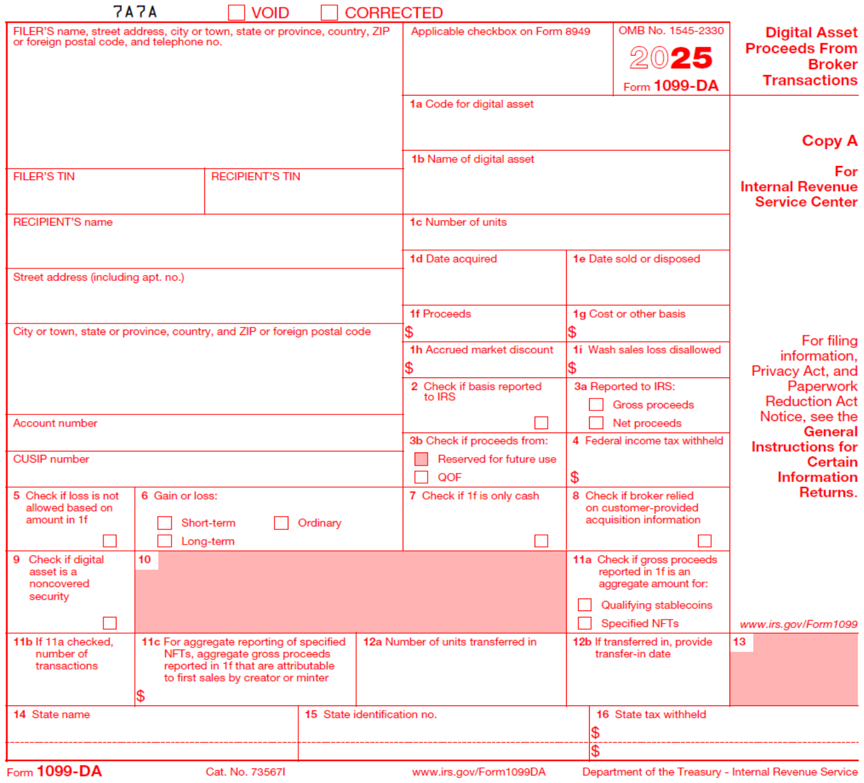
1 **Explore** the new Form 1099DA

2 **Clarify** what information you will and will not find on the Form 1099-DA

3 **Understand** Revenue Procedure 2024-28 and Safe Harbor Provisions for taxpayers

Introduction

Form 1099-DA


7A7A 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

1a Code for digital asset

1b Name of digital asset

Copy A

For Internal Revenue Service Center

FILER'S TIN

RECIPIENT'S TIN

RECIPIENT'S name

1c Number of units

Street address (including apt. no.)

1d Date acquired

1e Date sold or disposed

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

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

Account number

3b Check if proceeds from: Reserved for future use; QOF

4 Federal income tax withheld $

CUSIP number

For filing information, Privacy Act, and Paperwork Reduction Act Notice, see the **General Instructions for Certain Information Returns.**

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

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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 Cat. No. 73567I www.irs.gov/Form1099DA Department of the Treasury - Internal Revenue Service

Deep-dive into…

What's Included

What's Not Included

How tax preparers should approach digital asset reporting for the 2025 tax year

Background on Form 1099-DA

On June 28, 2024, **the IRS finalized the 6045 Regulations for brokers that act as agents for others in a transaction as well as brokers that interact with their customers as counterparties to transactions (Custodial Brokers)**

Form 1099-DA: The Form 1099-DA Form will be used in Calendar Year 2025

Important Considerations

Custodial Broker Reporting Timelines

From January 1, 2025, onward, gross proceeds are reportable. From January 1, 2026, onward, custodial brokers must report cost basis for certain transactions.

Enhances Voluntary Compliance

Form 1099-DA will help taxpayers identify transactions and provide them with better information which leads to easier compliance.

By Account or by Wallet Cost Basis Lot Selection

Taxpayers who used a universal/multi-wallet method of reporting will need to transition to by account or by wallet to align with broker reporting.

Who Must File Form 1099-DA?

Brokers and digital asset platforms that facilitate the sale or exchange of digital assets.

A broker is U.S. entity that effects the sales of digital assets

Only brokers that custody digital assets

IRS

Form 1099-DA

7A7A ☐ 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
	1a Code for digital asset		Copy A For Internal Revenue Service Center
FILER'S TIN / RECIPIENT'S TIN	1b Name of digital asset		
RECIPIENT'S name	1c Number of units		
Street address (including apt. no.)	1d Date acquired	1e Date sold or disposed	
City or town, state or province, country, and ZIP or foreign postal code	1f Proceeds $	1g Cost or other basis $	
	1h Accrued market discount $	1i Wash sales loss disallowed $	For filing information, Privacy Act, and Paperwork Reduction Act Notice, see the **General Instructions for Certain Information Returns.**
	2 Check if basis reported to IRS ☐	3a Reported to IRS: ☐ Gross proceeds ☐ Net proceeds	
Account number	3b Check if proceeds from: ☐ Reserved for future use ☐ QOF	4 Federal income tax withheld $	
CUSIP number			

5 Check if loss is not allowed based on amount in 1f ☐	6 Gain or loss: ☐ Short-term ☐ Ordinary ☐ Long-term	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

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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 Cat. No. 73567I www.irs.gov/Form1099DA Department of the Treasury - Internal Revenue Service

What to Request from your Client

1. **Cost basis of digital assets**
2. **Holding period (short-term vs. long-term)**
3. **Transfers between wallets or exchanges**
4. **Non-custodied transactions**
5. **Transactions not reported**

Cost Basis Requirements

1. Purchase Price
2. Date of Purchase
3. Transfers between wallets / exchanges

Transactions that will not be reported on Form 1099-DA

Ordinary Income Earning Events

- Receipt of new cryptocurrency following hard forks
- Staking
- Mining

All Transactions That Occur Within A Self-custody Wallet

- E.g. Selling one digital asset for another (swapping)

Decentralized Finance Events

Information to Gather from Clients

- **Purchase dates and prices of digital assets**
- **Records of asset transfers**
- **Documentation of forks, mining rewards, or staking rewards**
- **Details of non-brokered transactions**

Example 1 – Calculating Capital Gains

BACKGROUND INFORMATION

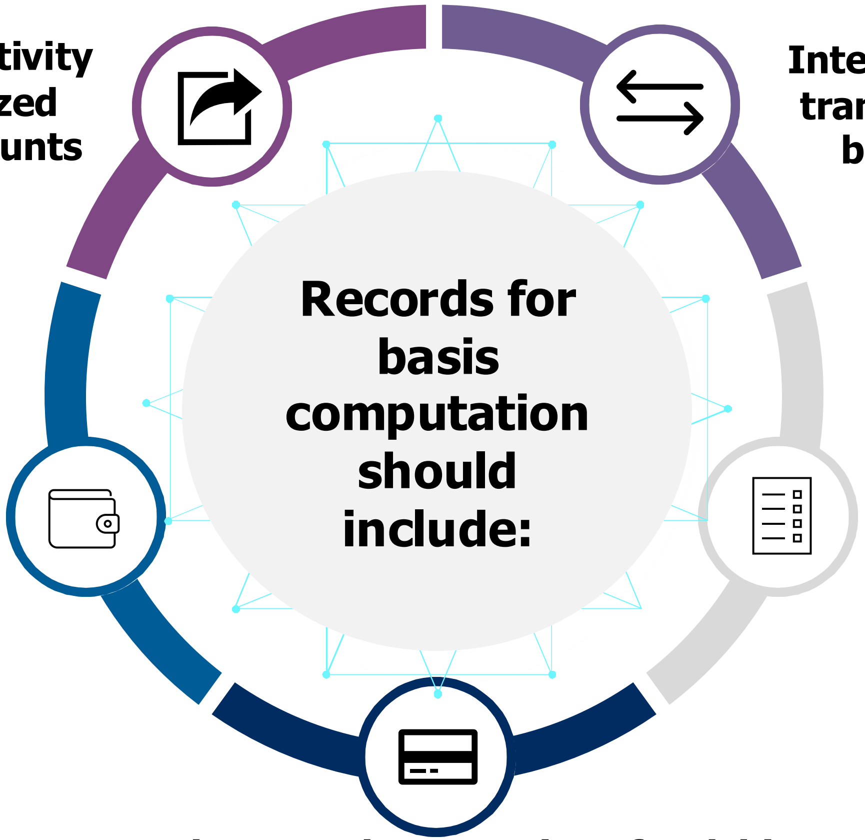
Client sold 2 BTC in 2025; Form 1099-DA shows gross proceeds of $90,000

PROMPT

Determine cost basis from client's records to compute gain or loss.

Educating Clients

Advising Clients On Maintaining Thorough Records Of All Digital Asset Transactions



Export of all activity from centralized exchange accounts

Internal records for any transfers to, from, and between accounts

A list of self-hosted wallets addresses and all related blockchain activity associated with those addresses

All records associated with staking, mining, validating and similar activities

Purchase card transactions for debit cards linked to digital asset accounts

Revenue Procedure 2024-28

Transition of Digital Asset Holdings

Background

Universal method of reporting for tracking digital assets

The final **6045 regulations** do not permit the use of a universal method of reporting

6045 Regulations Update

This revenue procedure provides a safe harbor for taxpayer's to transition their digital asset holdings to a "by account" or "by wallet" methodology, as required by the final regulations.

Safe Harbor Election

As of January 1, 2025, taxpayers will need to document their digital asset holdings across all wallets and accounts, document their remaining cost basis lots, then allocate those cost basis lots to the various wallets and accounts. The safe harbor provides two allocation methods of reporting: specific unit allocation or global allocation.

For specific unit allocation, this safe harbor must be documented before the taxpayer's first disposition on or after January 1, 2025, or before they file their 2025 tax return, whichever is earlier. For the global allocation method of reporting, a taxpayer must describe the global allocation method of reporting in the taxpayer’s books and records before January 1, 2025.

Safe Harbor Scenarios

Allocation Decision

On 1/1/25, taxpayers must decide how to allocate basis for pre-2025 digital asset holdings using either:

Specific Unit Identification

OR

Global Allocation

Digital Asset Inventory as of January 1, 2025

Unit of Unused Basis as of January 1, 2025

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Jan 10 22:30:04 UTC 2022	Buy	BTC	1	$35,000.00	$35,000.00
2	Nov 15 22:30:27 UTC 2021	Buy	BTC	1	$16,000.00	$16,000.00

Wallet 1
(1 BTC)

Wallet 2
(1 BTC)

Specific Unit Allocation

Lots are recorded in association with specific wallets.

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Jan 10 22:30:04 UTC 2022	Buy	BTC	1	$35,000.00	$35,000.00
2	Nov 15 22:30:27 UTC 2021	Buy	BTC	1	$16,000.00	$16,000.00

Wallet 1
(1 BTC - $16,000)

Wallet 2
(1 BTC - $35,000)

Specific Unit Allocation

Lots are recorded in association with specific wallets.

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Jan 10 22:30:04 UTC 2022	Buy	BTC	1	$35,000.00	$35,000.00

Wallet 1
(1 BTC - $16,000)

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
2	Nov 15 22:30:27 UTC 2021	Buy	BTC	1	$16,000.00	$16,000.00

Wallet 2
(1 BTC - $35,000)

Digital Assets Held as of January 1, 2025

Unit of Unused Basis as of January 1, 2025

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Jan 10 22:30:04 UTC 2022	Buy	BTC	1	$35,000.00	$35,000.00
2	Nov 15 22:30:27 UTC 2021	Buy	BTC	1	$16,000.00	$16,000.00

Wallet 1
(1 BTC)

Wallet 2
(1 BTC)

Global Allocation

Lots are recorded based on a general justification such as cost basis (price per unit) or date.

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Jan 10 22:30:04 UTC 2022	Buy	BTC	1	$35,000.00	$35,000.00
2	Nov 15 22:30:27 UTC 2021	Buy	BTC	1	$16,000.00	$16,000.00

Wallet 1
(1 BTC - $16,000)

Wallet 2
(1 BTC - $35,000)

Global Allocation

Lots are recorded based on a general justification such as cost basis (price per unit) or date.

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Jan 10 22:30:04 UTC 2022	Buy	BTC	1	$35,000.00	$35,000.00

Wallet 1
(1 BTC - $16,000)

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
2	Nov 15 22:30:27 UTC 2021	Buy	BTC	1	$16,000.00	$16,000.00

Wallet 2
(1 BTC - $35,000)

Digital Assets Held as of January 1, 2025

Unit of Unused Basis as of January 1, 2025

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Sat Aug 1 22:30:04 UTC 2020	Buy	BTC	1	$11,812.10	$11,812.10
2	Fri Aug 7 22:30:27 UTC 2020	Buy	BTC	1.5	$11,571.50	$17,357.25
3	Thu July 1 23:50:15 UTC 2021	Buy	BTC	2	$33,678.00	$67,356.00
4	Tue Oct 10 23:45:52 UTC 2023	Buy	BTC	1.5	$27,392.00	$41,088.00

Wallet 1
(1 BTC)

Wallet 2
(3 BTC)

Wallet 3
(2 BTC)

Note: Any specific logos or resources displayed or mentioned are not endorsements or investment recommendations.

Specific Unit Allocation

Lots are recorded in association with specific wallets.

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Sat Aug 1 22:30:04 UTC 2020	Buy	BTC	1	$11,812.10	$11,812.10
2	Fri Aug 7 22:30:27 UTC 2020	Buy	BTC	1.5	$11,571.50	$17,357.25
3	Thu July 1 23:50:15 UTC 2021	Buy	BTC	2	$33,678.00	$67,356.00
4	Tue Oct 10 23:45:52 UTC 2023	Buy	BTC	1.5	$27,392.00	$41,088.00

Wallet 1
(1 BTC - $11,812.10)

Wallet 2
(3 BTC - $58,445.25)

Wallet 3
(2 BTC - $67,356.00)

Note: Any specific logos or resources displayed or mentioned are not endorsements or investment recommendations.

Specific Unit Allocation

Lots are recorded in association with specific wallets.

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Sat Aug 1 22:30:04 UTC 2020	Buy	BTC	1	$11,812.10	$11,812.10

Wallet 1
(1 BTC - $11,812.10)

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
2	Fri Aug 7 22:30:27 UTC 2020	Buy	BTC	1.5	$11,571.50	$17,357.25
4	Tue Oct 10 23:45:52 UTC 2023	Buy	BTC	1.5	$27,392.00	$41,088.00

Wallet 2
(3 BTC - $58,445.25)

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
3	Thu July 1 23:50:15 UTC 2021	Buy	BTC	2	$33,678.00	$67,356.00

Wallet 3
(2 BTC - $67,356.00)

Global Allocation

Lots are recorded based on a general justification such as cost basis (price per unit) or date.

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Sat Aug 1 22:30:04 UTC 2020	Buy	BTC	1	$11,812.10	$11,812.10
2	Fri Aug 7 22:30:27 UTC 2020	Buy	BTC	1.5	$11,571.50	$17,357.25
3	Thu July 1 23:50:15 UTC 2021	Buy	BTC	2	$33,678.00	$67,356.00
4	Tue Oct 10 23:45:52 UTC 2023	Buy	BTC	1.5	$27,392.00	$41,088.00

Wallet 1
(1 BTC - $11,812.10)

Wallet 2
(3 BTC - $67,874.25)

Wallet 3
(2 BTC - $57,927.00)

Note: Any specific logos or resources displayed or mentioned are not endorsements or investment recommendations.

Global Allocation

Lots are recorded based on a general justification such as cost basis (price per unit) or date.

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
1	Sat Aug 1 22:30:04 UTC 2020	Buy	BTC	1	$11,812.10	$11,812.10

Wallet 1
(1 BTC - $11,812.10)

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
2	Fri Aug 7 22:30:27 UTC 2020	Buy	BTC	1.5	$11,571.50	$17,357.25
3	Thu July 1 23:50:15 UTC 2021	Buy	BTC	1.5	$33,678.00	$50,517.00

Wallet 2
(3 BTC - $67,874.25)

Lot	Timestamp	Type	Asset	Units	Price Per Unit	USD Value
3	Thu July 1 23:50:15 UTC 2021	Buy	BTC	.5	$33,678.00	$16,839.00
4	Tue Oct 10 23:45:52 UTC 2023	Buy	BTC	1.5	$27,392.00	$41,088.00

Wallet 3
(2 BTC - $57,927.00)

Key Notes from Rev. Proc. 2024-28

1 | This allocation must be made as of Jan 1, 2025, and applies going forward.

2 | Specific unit is allowed only if the taxpayer can document and substantiate acquisition date and cost for each unit.

3 | Global allocation is the default fallback if no substantiation is available.

4 | The choice affects how gains/losses are calculated on sales on or after 1/1/25.

Thank You!