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CRYPTOCURRENCY TAX REMINDERS

- Cryptocurrency sales transactions always need to be reported on Federal and CA income tax returns, even if no Form 1099 was received for the transaction
- There is now a question on the IRS Form 1040 income tax return regarding cryptocurrency that everyone needs to answer
- Starting on January 1, 2023, income tax reporting laws are expected to be greatly enhanced for cryptocurrency
- Cryptocurrency can be exchanged for real currency, goods, and services... which may create an income tax liability
- Cryptocurrency is like a stock or bond, and realized transactions will create either a capital gain or capital loss for income tax purposes
- Expenses relating to “mining” cryptocurrency are only deductible as a business expense if the “mining” is conducted as a trade or business, not as a hobby
- Cryptocurrency given as a gift or received as an inheritance is treated the same as any other gifted or inherited asset
- “Wash-sale” investment rules do not currently apply for cryptocurrency transactions
- **REMEMBER, always report your cryptocurrency sales transactions on your income tax returns even if you do not receive a tax form telling you to report it!!!**

Presented by

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