



Accounting: Blockchain Applications

CPE Course #3: Taxation of Digital Assets

Course Description

There has been very limited guidance from the Internal Revenue Service (IRS) on the taxation of digital assets. This course will review the guidance that does exist and how it applies to basic transactions that should be understood by the learner. For purposes of consistency within this course, we will refer to all digital assets and cryptocurrency as “virtual currency” (per IRS guidance).

Course Objectives

The goal of this course is to provide the learner a deeper understanding as to how virtual currencies are currently being taxed within the United States. As mentioned in our other courses, there are inconsistencies as to how virtual currencies should be taxed, including applicable income tax rates. Throughout this course, the following takeaways will be learned to provide clearer insight:

- *Describe the importance of IRS Notice 2014-21 and IRS Revenue Ruling 2019-24 and how they apply to virtual currencies.*
- *Determine how “character of income” impacts the taxation of virtual currency transactions*
- *Identify the IRS’s position on the taxation of various blockchain-based transactions*
- *Understand the concept of hard forks and airdrops, including analyzing various scenarios that result in income*
- *Review applicable IRS forms used to report transactions related to virtual currency*
- *Learn creative virtual currency tax strategies that business owners can apply to minimize their tax liabilities*

Accountants need to acquire a thorough understanding of virtual currency taxation in order to provide the best guidance to their clients.

Course Outline

- Video #1 – Triple-Entry Accounting Series, Video 3 of 4
- Script Video #1 – Triple-Entry Accounting Series, Video 2 of 4
- Section 3.1 – Course Introduction
- Section 3.2 – Course Objectives
- Section 3.3 – IRS Guidance on Virtual Currency
- Section 3.3.1 – IRS Notice 2014-21: How Tax Principles Apply to Virtual Currencies
- Section 3.3.2 – IRS Revenue Ruling 2019-24
- Section 3.3.3 – Form 1040 Virtual Currency Compliance Example
- **Review Checkpoint #1**
- Section 3.4. – Character of Income Recognized in Virtual Currency Transactions
- Section 3.4.1 – Buying and Selling Cryptocurrency as an Investor
- Section 3.4.2 – Character of Income Recognized in Virtual Currency Transactions
- Section 3.4.3 – Earning Virtual Currency as a “Miner”
- Section 3.4.4 – Earning Virtual Currency Selling Goods and Services
- Section 3.4.5 – Earning Virtual Currency as an Employee or Subcontractor
- Section 3.4.6 – Spending Virtual Currency to Pay Employees and/or Subcontractors

- Section 3.4.7 – Receiving Virtual Currency in the form of Airdrops
- **Review Checkpoint #2**
- Section 3.5 – Hard Forks and Airdrops
- Section 3.5.1 – Illustration of Hard Forks and Airdrops
- Section 3.6 – Tax Reporting: Forms 1040 and 8949
- Section 3.6.1 – Form 8949
- CoinTracking Lab: Basics of Portfolio Management and Basis Tracking
- CoinTracking Lab: Assessment
- Section 3.7 – Executing an Optimal Tax Strategy with Virtual Currency
- Section 3.8 – Course Conclusion
- **Review Checkpoint #3**
- Section 3.9 – Glossary
- Section 3.10 – References
- Section 3.11 – **Final Assessment**



Contact larry@mmba.io for more information on course content and supporting material.