

Empowering DeFi traders
and tax professionals with
Octav



Background

Meet Jamie, a seasoned crypto enthusiast and software engineer with over a decade of experience in the crypto ecosystem.

Jamie's journey began more than 10 years ago, in 2013, when he first discovered the potential of cryptocurrencies. As a tech-savvy individual, he quickly recognized the groundbreaking opportunities that were unparalleled in the traditional finance world.

Over the years, Jamie actively engaged in the ever-evolving crypto landscape, especially in the explosion of opportunities in Decentralized Finance (DeFi) in 2020-21, continuously exploring new avenues and investment strategies that emerged within this space. With a keen eye for spotting promising opportunities, Jamie leveraged various DeFi investment strategies such as liquidity pools, vaults, bridges, wrapped assets, staking and more. These strategies provided him with the ability to earn passive income, participate in exciting token launches, and diversify his investment portfolio.

Driven by his passion for decentralization and democratization of finance, Jamie embraced the risks and rewards of the crypto ecosystem. Through his strategic investments and astute decision-making, he managed to build a substantial portfolio net worth exceeding \$500,000 USD.

Facing Challenges

Despite his extensive involvement in the crypto world, Jamie faces several pain points:

- **Difficulty tracking his trading history and gain a clear view of his past transactions.** With multiple wallet addresses and frequent interactions with various DeFi platforms, it becomes increasingly difficult to maintain a comprehensive overview of his assets.
- **Lack of tools to accurately assess the profitability of his investments.** This lack of clarity makes it challenging to make informed decisions and properly evaluate his portfolio's performance.

- **Significant obstacle when it comes to tax season.** Without a solution that can handle his diverse range of transactions and provide a clear DeFi transaction summary, he struggles to fulfill his tax obligations accurately and efficiently.

Despite trying various platforms like Koinly and CoinLedger, Jamie struggled to find a solution that effectively handled the intricacies of his diverse portfolio.

While traditional crypto tax reporting tools may suffice for standard transactions, the complex nature of DeFi presents a whole new level of difficulty for taxes.

Just Another DeFi Tax Anecdote

In the pursuit of finding an all-encompassing solution for DeFi tax reporting, Charlie encountered a challenging reality when **comparing 9 of the most popular tax platforms'** estimates of one of his wallet's net worth of \$26,105.02.

The average difference in net worth assessment revealed an astonishing 67% discrepancy. This stark contrast highlights the critical need for a reliable and precise DeFi tax reporting platform that can consistently deliver accurate results, empower traders with transparent data, and streamline tax professionals' processes.

Platform	Net worth	Difference
Coinpanda.io	\$14,760.00	43%
Cryptotaxcalculator.io	\$8,998.63	66%
Ledgible.io	\$7,047.53	73%
Skytale.finance	\$0	100%
Cryptio.co	\$6,700.00	66%
Accounting.com	\$23,494.54*	10%
Taxbit.com	\$679.71	98%
Cointracking.info	\$6,734.96	75%
Koinly.io	\$9,752.00	63%

*Value is close but the platform used wrong input information

Reporting DeFi: The Problem That Must Not Be Named

DeFi tax reporting poses unique challenges due to the multitude of transaction types that occur across different blockchains. From swaps, staking, liquidity provision, airdrops, claims and more, the array of transaction types and their respective fiscal implications can be overwhelming. Interpreting and accurately reporting this data is an arduous task, while several key challenges impede the smooth integration of DeFi into traditional tax reporting frameworks:

- **Lack of clarity from the IRS or FASB.** The Internal Revenue Service (IRS) has not yet provided a comprehensive guide on tax treatment for DeFi transactions, creating confusion and uncertainty for individuals and businesses engaged in DeFi.
- **No standardization.** The DeFi ecosystem spans across numerous protocols and blockchains. This fragmented landscape makes it challenging to track and report taxes consistently across different platforms. The absence of standardized reporting practices exacerbates the complexity of tax compliance within the DeFi space.
- **Complexity of transactions.** A single DeFi transaction can involve multiple token movements, such as swapping, providing liquidity, or yield farming. Tracking and accurately reporting the tax implications of each movement becomes an intricate endeavour.

- **Fast evolving ecosystem.** DeFi is a rapidly evolving space, with new protocols and platforms emerging every day. This dynamic environment presents difficulties for regulators and institutions to keep pace with technological advancements and in turn, provide updated guidance on tax treatment.

Given these challenges, many find themselves in a predicament when it comes to fulfilling their tax obligations accurately and efficiently. DeFi traders require a solution that can navigate the complexities of their DeFi transactions, interpret data across multiple blockchains, and provide a clear summary for tax reporting purposes to their accountant.

Accountants, on the other hand, need tools and resources to guide DeFi traders through the complexity of DeFi tax reporting, enabling them to provide accurate advice and assistance to their clients.

In the face of these challenges, innovative solutions like Octav are emerging to bridge the gap between DeFi transactions and tax reporting requirements. By addressing the complexities of DeFi activity and providing clear transaction summaries, Octav empowers individuals like Jamie and accountants alike to navigate the DeFi landscape with confidence and accuracy.

Octav, The Long Awaited Solution

Octav is an editable DeFi data analytics platform, transforming the way traders, accountants, and finance professionals navigate Decentralized Finance.

With Octav, users gain invaluable information to understand their DeFi investments, streamline cost-basis calculations, and analyze profit and loss. And as a pre-tax facilitator, Octav empowers tax professionals to seamlessly label, report, and reconcile DeFi investments.

For Jamie, Octav filled the gaps in his crypto journey, simplifying year-round DeFi transactions while empowering his accountant with efficient investment management. The platform's intuitive interface helped him effortlessly track his trade history, analyze his portfolio's performance, and understand the profitability of his investments. It gave him access to crucial data points that shed light on the financial health of his portfolio.

In addition to significant data points, Octav provided Jamie with a comprehensive transaction history dating back to the creation of his wallet, thanks to **data fetched directly from the blockchain**. This exhaustive record proved to be an invaluable resource for tax purposes, ensuring that Jamie had access to the detailed information necessary to fulfill his tax obligations accurately and efficiently since each transaction comes with the transaction type, the actual profit or loss and the gas fee paid.

The Data Graal

- **Portfolio Net Worth.** Jamie was thrilled to discover that his portfolio's net worth had soared to an impressive \$506,446 USD. His trust in the accuracy of this number was further reinforced when he found that DeBank, a reputable DeFi platform, had also mentioned a very close figure of \$505,793 USD, validating the precision and reliability of Octav's data.
- **Portfolio Total Cost Basis.** Octav revealed that Jamie's portfolio's total cost basis amounted to \$130,645 USD. This figure served as a foundational pillar for understanding the financial underpinnings of his investments.
- **Portfolio Closed Profit.** Octav's comprehensive analysis unveiled that Jamie had achieved a remarkable closed profit of \$697,536 USD. This eye-opening figure comforted him in the success of his past investments.
- **Portfolio Open Profit.** Jamie discovered that his portfolio boasted an impressive open profit of \$375,801 USD. This ongoing potential for profit reaffirmed his confidence in his investment strategies.
- **Portfolio Gas Fees.** Octav's tracking of Jamie's transactions revealed that he had incurred gas fees amounting to \$123,799 USD since his wallet creation. Understanding the impact of gas fees on his investment performance allowed Jamie to make more informed decisions going forward.

Finally Ready For Tax Season

One of the most significant advantages Octav offered Jamie was its seamless preparation of the necessary documents for tax reporting.

Octav provides a customizable and downloadable CSV report, offering a comprehensive picture of all the data triggering fiscal events, such as profits or losses and gas fee for each transactions.

While Jamie can provide a report to his service provider, Octav is also thoughtfully tailored for accountants, enabling them to receive private authorization from their clients to access their data.

This feature allows accountants to securely view and modify their client's Octav data for tax purposes through third-party wallet access, streamlining the tax reporting process and fostering a collaborative partnership between traders and their accounting professionals.

Without Octav

Face the complexities of the DeFi ecosystem alone.

DeFi accounting reconciliation: 100+ hours per year per client.

Manual bookkeeping of thousands of transactions across many platforms.

Lack of clarity in handling 30 distinctive transaction types specific to the world of DeFi.



With Octav

Confidently elevate your service offering for clients in DeFi and unlock new revenue stream.

Reduce you DeFi accounting reconciliation to 5-10 hours per year per client.

Reconcile an unlimited amount of transactions automatically on one dashboard.

Empower your clients to leverage the potential of their transactions and implement effective tax strategies, such as tax-loss harvesting.

Closing Thoughts

Jamie's use of Octav greatly improved his DeFi trading experience. From gaining unparalleled visibility into his transactions and profitability to simplifying the always daunting task of tax reporting, Octav has become an indispensable tool for him.

From an accountant standpoint, Octav offers a unique opportunity for crypto tax professionals to develop a lucrative niche within the DeFi industry.

By joining the ranks of DeFi specialized accountants, service providers can position

themselves at the forefront of a rapidly expanding market, where clients are eager to embrace the benefits of DeFi while ensuring tax compliance.

Finally, Octav is dedicated to making DeFi accessible and user-friendly for all. Committed to creating DeFi's most indispensable tool, Octav simplifies tax compliance and drives DeFi adoption forward. Leveraging on-chain data, Octav guarantees 100% accuracy and reliability. Empowerment lies at the core of Octav's mission, achieved through community-driven database curation and a secure non-custodial platform, while fostering confidentiality and trust.

Get In Touch

Join Jamie, tax professionals and countless others who have experienced the power of Octav, where painless DeFi portfolio interpretation and tax reporting become a tangible reality.

[Book a personalized demo with us](#) to better figure out how Octav can support your DeFi related activities.

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