



Department of the Treasury
Internal Revenue Service
[Operating Division / Program Name]
[Street address]
[City, State ZIP]

Date:
07/16/2019
Taxpayer ID number:

Hotline telephone number:

eFax number:

Respond by:

[Recipient name]
[Address line 1]
[Address line 2]
[Address line 3]

Reporting Virtual Currency Transactions

Dear [Name]:

Why we're writing to you

We have information that you have or had one or more accounts containing virtual currency and may not have met your U.S. tax filing and reporting requirements for transactions involving virtual currency, which include cryptocurrency and non-crypto virtual currencies.

Virtual currency is considered property for federal income tax purposes. Generally, U.S. taxpayers must report all sales, exchanges, and other dispositions of virtual currency. An exchange of a virtual currency (such as Bitcoin, Ether, etc.) includes the use of the virtual currency to pay for goods, services, or other property, including another virtual currency such as exchanging Bitcoin for Ether. This obligation applies regardless of whether the account is held in the U.S. or abroad. More information can be found on www.irs.gov and in Notice 2014-21, found at www.irs.gov/pub/irs-drop/n-14-21.pdf, which describes how general tax principles for property transactions apply to transactions using virtual currency.

For one or more of tax years 2013 through 2017, we haven't received either a federal income tax return or an applicable form or schedule reporting your virtual currency transactions.

What you need to do by the "respond by" date above

Take one of the following actions:

- If you failed to file one or more income tax returns, file the delinquent returns and report your virtual currency transactions as soon as possible. For more information see www.irs.gov/filing
- If you made a mistake on your income tax return, such as not reporting your virtual currency transactions or incorrectly calculating your income, gain, or loss; you can file an amended return. For more information, visit www.irs.gov/forms-pubs/about-form-1040x
- If you believe you followed all tax and information reporting requirements relating to your virtual currency accounts, mail or eFax the following to the address or eFax number shown at the top of this letter.
 - A statement of facts explaining your position. Include a complete history of previously reported income from your virtual currency transactions. Explain the actions you took to become compliant with U.S. reporting requirements and provide copies of previously filed documents that confirm your compliance.
 - Your contact information, including your telephone number, complete address, and the address where you receive mail (if different).

- The following statements with your signature and date:

I, _____, declare under penalties of perjury that I have examined this entire document, ^(Name) including all attachments and accompanying statements, and that the enclosed is true, correct, and complete.

I also understand with respect to any submission that the IRS reserves the right to make further contacts with me and my representatives to clarify any written explanation or any other documents. Statements and documents sent under this option will be checked against information received from banks, financial advisors, and other sources for accuracy.

Signature _____ Date _____

Please note that there is a 10MB limit for data sent to the eFax number. If your electronic file exceeds this size, either mail your documents or fax the information in multiple, smaller transmissions to fit the size requirements.

Do not send original returns or amended returns for processing via eFax. Instead, send original returns to the address below and include a copy in your response to this letter. Write "Letter 6173" at the top of the first page of the amended or delinquent return. Mail the originals to:

Internal Revenue Service
2970 Market Street
Philadelphia, PA 19104

If you need more time, send a request for a 30-day extension to the address above by the "respond by" date shown at the top of this letter.

If we don't hear from you by the "respond by" date

We may refer your tax account for examination. Please be aware that underpayments of tax are subject to interest and penalties.

Someone may represent you

If you want someone to represent you in this matter, send a completed Form 2848, Power of Attorney and Declaration of Representative, with your response to the address above.

Additional information

You can find the forms and publications for reporting your virtual currency transactions by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORMS (800-829-3676).

If you have questions, you can call the hotline telephone number shown at the top of this letter and leave a message. We'll respond to all messages within three business days.

Thank you for your cooperation.

Sincerely,

[Name]
Program Manager



Department of the Treasury
Internal Revenue Service
[Operating Division / Program Name]
[Street address]
[City, State ZIP]

Date:
07/16/2019
Taxpayer ID number:

Hotline telephone number:

Tax form:
Form 1040

[Recipient name]
[Address line 1]
[Address line 2]
[Address line 3]

Reporting Virtual Currency Transactions

Dear [Name]:

Why we're writing to you

We have information that you have or had one or more accounts containing virtual currency but may not know the requirements for reporting transactions involving virtual currency, which include cryptocurrency and non-crypto virtual currencies.

What you need to do

After reviewing the information below, if you believe you didn't accurately report your virtual currency transactions on a federal income tax return, you should file amended returns or delinquent returns if you didn't file a return for one or more taxable years. If you do not accurately report your virtual currency transactions, you may be subject to future civil and criminal enforcement activity. For more information, visit www.irs.gov/filing.

When filing amended or delinquent returns, write "Letter 6174" at the top of the first page of the return. Mail the original amended or delinquent return to:

Internal Revenue Service
2970 Market Street
Philadelphia, PA 19104

Reporting virtual currency transactions

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You must report virtual currency transactions on your return, regardless of whether you received a payee statement for the transaction (such as a Form W-2, Form 1099, etc.).

Common schedules for reporting virtual currency transactions include the following:

Schedule C

If you were an independent contractor and received payment in virtual currency, you must report it in gross income for the amount of the virtual currency's fair market value, measured in U.S. dollars, as of the date and time you received the virtual currency. Gross income derived by an individual from a trade or business, carried on by the individual as other than an employee, is reported on Schedule C. This constitutes self-employment income and is subject to the self-employment tax.

For more information, you can refer to the instructions for Schedule C.

Schedule D

If you sold, exchanged, or disposed of virtual currency (e.g. Bitcoin, Ether), or used it to pay for goods or services, you have engaged in a reportable transaction and may have a tax liability. These transactions may be reportable on Schedule D. On the tax return, report the virtual currency received at its fair market value, measured in U.S. dollars, as of the date and time of the transaction.

You should maintain and review all transaction records, including bank, wallet, and exchange reports and statements to determine your basis, amount received, and other information needed for reporting on Schedule D.

For more information, you can refer to the instructions for Schedule D.

Schedule E

If you received supplemental income in the form of virtual currency, including income from rental real estate, royalties, partnerships, S corporations, estates, trusts, and residual interests in REMICs, you may need to report this on Schedule E. On the tax return, report the virtual currency received at its fair market value, measured in U.S. dollars, as of the date and time of the transaction.

You may also need to file supplemental forms (e.g. Form 8582, Passive Activity Loss Limitations). See the instructions for Schedule E for any other circumstances that may apply.

For more information, you can refer to the instructions for Schedule E.

Additional Resources

- Publication 17, Your Federal Income Tax (For Individuals)
- Instructions for Form 1040, U.S. Individual Income Tax Return
- Instructions for Form 8949, Sales and Other Dispositions of Capital Assets
- Instructions for Form 1041, U.S. Income Tax Return for Estates and Trusts
- Instructions for Form 1120, U.S. Corporation Income Tax Return
- Instructions for Form 1120-S, U.S. Income Tax Return for an S Corporation
- Instructions for Form 1065, U.S. Return of Partnership Income

You can get the forms, instructions, and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

You do not need to respond to this letter.

If you have questions, you can call the hotline telephone number shown at the top of this letter and leave a message. We'll respond to all messages within three business days.

Thank you for your cooperation.

Sincerely,

[Name]

[Title]



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When filing amended or delinquent returns, write "Letter 6174-A" at the top of the first page of the return. Mail the original amended or delinquent return to:

Internal Revenue Service
2970 Market Street
Philadelphia, PA 19104

Reporting virtual currency transactions

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You can get the forms, instructions, and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

You do not need to respond to this letter. Note, however, we may send other correspondence about potential enforcement activity in the future.

If you have questions, you can call the hotline telephone number shown at the top of this letter and leave a message. We'll respond to all messages within three business days.

Thank you for your cooperation.

Sincerely,

[Name]

[Title]