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What accountants need to know about cryptocurrency

By Mary Ellen Biery, Research Specialist, Sageworks

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“In addition, some business owners are exploring accepting cryptocurrency from clients, so they want to know more about whether they should and if so, how that will work,” says May, who is leading a Feb. 22 [webinar](#) for Sageworks on cryptocurrency.

Cryptocurrency is a form of currency that only exists digitally and relies on encryption for the security of transactions. There are thousands of [forms of cryptocurrency](#), with some of the most well known with names like Bitcoin, Ethereum and Ripple. May says accountants will benefit from knowing the basics of cryptocurrency and from thinking about what answer they will give to clients asking about it.

“It’s also a timely topic because of a lack of good information about cryptocurrency,” May says. “Everybody’s still talking about the nefariousness of it so some people just shut down on trying to understand it,” he says. “Everything you see in the press is sensationalized, but there are practical applications.”

May also plans to discuss ways accounting clients might accept cryptocurrency for payment without being exposed to the volatility of the asset. For example, merchant accounts can immediately convert cryptocurrency payments into dollars so that businesses are able to accept Bitcoin, for example, without getting paid in Bitcoin.

“Clients who can afford to take more risk and early adopters of technology seem to be the types of clients who are currently most interested in accepting cryptocurrency,” May says. “But some companies are also exploring paying employees or vendors with cryptocurrency, and these clients will need to know about various IRS reporting requirements.”

“Accountants are also going to have to help clients understand the reporting and tax ramifications of trading cryptocurrency,” May says. “Cryptocurrency is treated as

property — not as currency — for [federal tax purposes](#), so the IRS treats buying

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helping with accounting related to cryptocurrency. He'll also help accountants and advisors learn more about possible game-changers to the world of cryptocurrency that could make them more mainstream.

Register for the Feb. 22 webinar, "[Preparing for a Barrage of Cryptocurrency Questions](#)," here. After Feb. 22, you can access the on-demand replay through the same link.

Mary Ellen Biery is a research specialist at [Sageworks](#), a financial information company that provides financial analysis and valuation applications to accounting firms.

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