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question and overall reporting requirements for digital assets.

Isaac M. O'Bannon • Mar. 01, 2023



The [American Institute of CPAs](#) (AICPA) has submitted a [letter](#) to the Department of the Treasury and the Internal Revenue Service (IRS) proposing Frequently Asked Questions (FAQs) and suggested answers to assist taxpayers in responding to the new digital asset question on the 2022 Form 1040 and instructions and for the 2023 Form 1040 instructions to be modified. The proposed FAQs will allow taxpayers and practitioners to properly comply with the question and overall reporting requirements for digital assets.

The AICPA provided a list of 12 questions with suggested answers and, for several of

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- Does the Form 1040 digital asset question only pertain to the taxpayers signing the Form 1040 or also to any dependents claimed on the return?
- Are digital assets as defined at Code section 6045(g) considered “property” for tax purposes as described in Notice 2014-21 for virtual currency?

“We encourage the IRS to update Notice 2014-21 to clarify how the questions and answers in the notice apply more broadly to digital assets as defined at section 6045(g), rather than have the Q&As only apply to virtual currency unless the Q&A only pertains to virtual currency and not to other types of digital assets,” the AICPA states in the letter.

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