

Tax changes would boost IRS monitoring of cryptocurrency use

May 21 2021



Credit: Pixabay/CC0 Public Domain

The Biden administration is taking steps to ensure Americans who pay for goods or services with cryptocurrencies don't sidestep the tax man.

The Treasury Department issued a report Thursday that outlines measures. Among the proposed changes, businesses that receive "cryptoassets" with a fair market value of more than \$10,000 would have to report it to the IRS. That's something businesses already have to do when with cash transactions of \$10,000 or more.

The report explains that while the share of [business](#) transactions that involve cryptocurrency remains small, the new reporting requirement is necessary to discourage businesses from concealing such transactions from the IRS in the future.

The report notes that cryptocurrency "already poses a significant problem by facilitating [illegal activity](#) broadly, including [tax evasion](#)."

Another [policy change](#) would require payment-services providers to file Form 1099 reports in order to discourage businesses from attempting to hide their income by using alternatives to traditional banks.

Digital currencies were holding on to gains late Thursday after the release of the Treasury Department report. The price of Bitcoin was up 2.5% to roughly \$40,401, according to the online brokerage Coinbase. A day earlier, the price of Bitcoin and other digital currencies fell sharply after China's banking association issued a warning over the risks associated with digital currencies.

© 2021 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Tax changes would boost IRS monitoring of cryptocurrency use (2021, May 21)
retrieved 9 April 2024 from
<https://techxplore.com/news/2021-05-tax-boost-irs-cryptocurrency.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private

study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.