



*As the Use of Virtual Currencies in Taxable
Transactions Becomes More Common,
Additional Actions Are Needed to Ensure
Taxpayer Compliance*

September 21, 2016

Reference Number: 2016-30-083

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

Phone Number / 202-622-6500

E-mail Address / TIGTACommunications@tigta.treas.gov

Website / <http://www.treasury.gov/tigta>



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HIGHLIGHTS

AS THE USE OF VIRTUAL CURRENCIES IN TAXABLE TRANSACTIONS BECOMES MORE COMMON, ADDITIONAL ACTIONS ARE NEEDED TO ENSURE TAXPAYER COMPLIANCE

Highlights

**Final Report issued on
September 21, 2016**

Highlights of Reference Number: 2016-30-083 to the Internal Revenue Service Deputy Commissioner for Services and Enforcement.

IMPACT ON TAXPAYERS

Alternative payment methods, such as convertible virtual currencies, have grown in popularity in recent years and have emerged for some people as a potential alternative to using traditional currencies like U.S. dollars. Virtual currencies offer potential benefits over traditional currencies, including lower transaction fees and faster transfer of funds for services provided. However, some virtual currencies are also popular because the identity of the parties involved is generally anonymous, leading to a greater possibility of their use in illegal transactions.

WHY TIGTA DID THE AUDIT

Recently, many types of virtual currencies have been created for use in lieu of currency issued by a government to purchase goods and services in the real economy. The overall objective of this review was to evaluate the IRS's strategy for addressing income produced through virtual currencies.

WHAT TIGTA FOUND

Although the IRS issued Notice 2014-21, *Virtual Currency Guidance*, and established the Virtual Currency Issue Team, there has been little evidence of coordination between the responsible functions to identify and address, on a program level, potential taxpayer noncompliance issues for transactions involving virtual currencies. None of the IRS operating divisions have developed any type of

compliance initiatives or guidelines for conducting examinations or investigations specific to tax noncompliance related to virtual currencies. In addition, it does not appear that any of the actions already taken by the IRS to address virtual currency tax noncompliance were coordinated to ensure that the IRS maintains a strategic approach to the tax implications of virtual currencies.

Although the IRS requested comments to Notice 2014-21 from the public, no actions were taken to address the comments received. TIGTA reviewed all the comments and found several examples of information requested by the public that would be helpful in understanding how to comply with the tax reporting requirements when using or receiving virtual currencies.

In addition, third-party methods of reporting taxable transactions to the IRS do not separately identify transactions related to virtual currencies. While employers and businesses are required to report taxable virtual currency transactions, current third-party information reporting documents do not provide the IRS with any means to identify that the taxable transaction amounts being reported were specifically related to virtual currencies.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS: 1) develop a coordinated virtual currency strategy that includes outcome goals, a description of how the agency intends to achieve those goals, and an action plan with a timeline for implementation; 2) provide updated guidance to reflect the necessary documentation requirements and tax treatments needed for the various uses of virtual currencies; and 3) revise third-party information reporting documents to identify the amounts of virtual currencies used in taxable transactions.

The IRS agreed with TIGTA's recommendations and plans to develop a virtual currency strategy including an assessment of whether changes to information reporting documents are warranted. The IRS also agreed that additional guidance would be helpful and plans to share the recommendation with the IRS's Office of Chief Counsel for coordination with the Department of the Treasury's Office of Tax Policy.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 21, 2016

**MEMORANDUM FOR DEPUTY COMMISSIONER FOR SERVICES AND
ENFORCEMENT**

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – As the Use of Virtual Currencies in Taxable
Transactions Becomes More Common, Additional Actions Are Needed
to Ensure Taxpayer Compliance (Audit # 201530022)

This report presents the results of our review to evaluate the Internal Revenue Service's (IRS) strategy for addressing income produced through virtual currencies. This review is included in our Fiscal Year 2016 Annual Audit Plan and addresses the major management challenge of Tax Compliance Initiatives.

Management's complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. If you have any questions, please contact me or Matthew A. Weir, Assistant Inspector General for Audit (Compliance and Enforcement Operations).



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Abbreviations

AUR	Automated Underreporter
BSA	Bank Secrecy Act
CFR	Code of Federal Regulations
FAQ	Frequently Asked Question
FinCEN	Financial Crimes Enforcement Network
GAO	Government Accountability Office
IRS	Internal Revenue Service
MSB	Money Services Business
U.S.C.	United States Code
VCIT	Virtual Currency Issue Team



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Background

Alternative payment methods, such as convertible virtual currencies (hereafter referred to as virtual currencies), have grown in popularity in recent years and have emerged for some people as a potential alternative to using traditional currencies like U.S. dollars.¹ For example, bitcoin automated teller machines in shops, malls, and service stations and on college campuses are providing consumers with easy access to bitcoins. These virtual currencies essentially allow taxpayers to pay for the goods and services they need in the same way as traditional currencies.

Bitcoin automated teller machines in shops, malls, and service stations and on college campuses are providing consumers with easy access to bitcoins.

Virtual currencies offer potential benefits over traditional currencies, including lower transaction fees and faster transfer of funds for services provided. However, some virtual currencies are also popular because the identity of the parties involved is generally anonymous, leading to a greater possibility of their use in illegal transactions.

According to the Government Accountability Office (GAO), a virtual currency is generally considered a digital unit of exchange that is not backed by a government-issued legal tender. Virtual currencies originally were used in the online gaming industry. Recently, many types of virtual currencies have been created for use in lieu of a government-issued currency to purchase goods and services in the real economy.² Although there are approximately 250 active virtual currencies listed, bitcoin is by far the most popular, comprising nearly 82 percent of the entire virtual currency market.³ Between May 2013 and April 2016, the number of bitcoins in circulation increased from approximately 11.2 million to more than 15.4 million, while the number of daily transactions related to bitcoins has grown from 58,795 to about 220,804.⁴ As of April 21, 2016, one bitcoin had the price equivalent of approximately \$443, and bitcoins had a total market value of more than \$6.8 billion.⁵

Bitcoin was introduced in Calendar Year 2009 by an unidentified programmer or programmers using the name Satoshi Nakamoto. The bitcoin computer protocol permits the storage of unique digital representations of value (bitcoins) and facilitates the assignment of bitcoins from one user

¹ See Appendix IV for a glossary of terms.

² GAO, GAO-13-516, *Virtual Economies and Currencies: Additional IRS Guidance Could Reduce Tax Compliance Risks* (May 15, 2013).

³ *Map of Coins* (Mapofcoins.com).

⁴ *CoinDesk* (Coindesk.com).

⁵ *CoinMarketCap* (Coinmarketcap.com). This is the price that an asset would fetch in the marketplace. Market value is also commonly used to refer to the market capitalization of a publicly traded company and is obtained by multiplying the number of its outstanding shares by the current share price.



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to another through an Internet-based peer-to-peer network. Bitcoins are divisible to eight decimal places, thereby enabling their use in any kind of transaction regardless of their value.

Bitcoins are created and entered into circulation through a process called mining. Bitcoin miners download free software that they use to solve complex mathematical equations. This process verifies the validity of the bitcoin transactions by grouping several transactions into a block and mathematically proving that the transactions occurred and did not involve double spending of a bitcoin. When a miner or group of miners (mining pools) solves an equation, the bitcoin network accepts the block of transactions as valid and creates new bitcoins and awards them to the successful miner or mining pool. In addition to mining, bitcoins already in circulation can be acquired by accepting them as gifts or payments for goods or services, purchasing them at bitcoin kiosks (sometimes referred to as bitcoin automated teller machines), or purchasing them on third-party exchanges.⁶

To describe how existing general tax principles apply to transactions using virtual currency, the Internal Revenue Service (IRS) issued Notice 2014-21, *Virtual Currency Guidance*, in March 2014. The notice provides that virtual currencies should be treated as property for tax purposes. Notice 2014-21 also provides answers to 16 frequently asked questions (FAQ) on virtual currencies. The FAQs provide basic information on the U.S. Federal tax implications of transactions in, or transactions that use, virtual currencies. The same general tax principles that apply to property transactions apply to transactions using virtual currencies. Among other things, this means that:

- The fair market value of virtual currency paid as wages is subject to Federal income tax withholding, Federal Insurance Contributions Act tax, and Federal Unemployment Tax Act tax and must be reported on Form W-2, *Wage and Tax Statement*.
- Payments using a virtual currency made to independent contractors are taxable, and self-employment tax rules apply. Generally, payers must issue a Form 1099-MISC, *Miscellaneous Income*, to the IRS and to the payee.
- The character of gain or loss from the sale or exchange of a virtual currency depends on whether the virtual currency is a capital asset in the hands of the taxpayer.
- A payment made using a virtual currency is subject to information reporting to the same extent as any other payment made in property.

Notice 2014-21 also directs taxpayers to Publication 15, (*Circular E*), *Employer's Tax Guide*; Publication 334, *Tax Guide for Small Businesses*; Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*; Publication 525, *Taxable and Nontaxable Income*; Publication 535, *Business Expenses*; Publication 544, *Sales and Other Dispositions of Assets*; Publication 551, *Basis of Assets*; and Publication 1281, *Backup Withholding for Missing and*

⁶ These third-party exchanges allow users to exchange traditional currencies, such as U.S. dollars, for bitcoins and exchange bitcoins back to traditional currencies.



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Incorrect Name/TINs, for additional guidance on virtual currencies. The notice and these publications are available to taxpayers on IRS.gov.

According to IRS management, the Large Business and International Division's Offshore Arrangements Practice Network Steering Committee established the Virtual Currency Issue Team (VCIT) in December 2013 to get a better understanding of how virtual currencies may affect international taxable transactions. Specifically, the original focus of the VCIT was the identification of international underreporting strategies using virtual currency to facilitate tax avoidance/evasion schemes. In April 2015, the VCIT's focus was expanded to act as a forum for interested individuals from various IRS offices and functions to meet and share knowledge on virtual currency. The VCIT includes members from the IRS's Office of Chief Counsel and Criminal Investigation as well as the Large Business and International Division and the Small Business/Self-Employed Division. The VCIT's current efforts are to: 1) determine if virtual currencies are being used as a method to hide income and avoid U.S. taxation; 2) be a vehicle to share virtual currency knowledge across the IRS; and 3) identify audit techniques that can be used to determine if taxpayers using virtual currencies in transactions, especially in offshore arrangements, are attempting to conceal income and avoid U.S. taxation.

The VCIT has met periodically to learn about virtual currencies and share knowledge. According to IRS management, in Fiscal Year 2015, the VCIT developed virtual currency training that was presented to more than 200 Large Business and International Division employees in two online sessions and is available online for tax compliance employees in other divisions to review. The training mostly focused on understanding the basics of virtual currency, including the mining of virtual currency, as well as the uses of virtual currency and associated terminology. The training also identified some of the audit techniques and tools examiners could use to identify virtual currency transactions.

Additionally, members of Criminal Investigation's Financial Crimes function provided virtual currency awareness presentations in Fiscal Years 2015 and 2016 to more than 300 special agents. According to Criminal Investigation management, the purpose of these presentations was to provide "a general overview of what virtual currency is and in particular what bitcoin is and how it works."

This review was performed at the Large Business and International Division Headquarters in Washington, D.C., with information obtained from Criminal Investigation, the Large Business and International and Small Business/Self-Employed Divisions, and the Office of Chief Counsel during the period of October 2015 through June 2016. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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Results of Review

Management Needs to Develop a Virtual Currency Strategy

IRS management needs to develop an overall strategy to address taxpayer use of virtual currencies as property and as currency. In Calendar Year 2013, the GAO reported:

IRS has not assessed the tax compliance risks of open-flow virtual currencies developed and used outside of virtual economies. These types of currencies, generally, were introduced after IRS's last review of compliance related to virtual economy transactions. According to IRS compliance officials, IRS would learn about tax compliance issues related to virtual currencies as it would any other tax compliance issue, such as IRS examiners identifying compliance problems during examinations or taxpayers requesting guidance on how to comply with certain tax requirements. To date, these processes have not resulted in IRS identifying virtual currencies used outside of virtual economies as a compliance risk that warrants specific attention.⁷

Since the GAO issued its report on virtual currencies three years ago, the IRS's position on virtual currency as a tax compliance risk requiring additional oversight has remained relatively unchanged.

Virtual currency and the Bank Secrecy Act

The Bank Secrecy Act (BSA), which was enacted to help prevent money laundering, creates a number of reporting obligations upon financial institutions and money services businesses (MSB).⁸ MSBs include check cashers, issuers and redeemers of travelers' checks and money orders, and money transmitters.⁹ MSBs are subject to the BSA reporting requirements, including Currency Transaction Reports and Suspicious Activity Reports.¹⁰

Under delegated authority from the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), the IRS has BSA enforcement responsibilities for financial institutions not

⁷ GAO, GAO-13-516, *Virtual Economies and Currencies: Additional IRS Guidance Could Reduce Tax Compliance Risks* (May 15, 2013).

⁸ Pub. L. No. 91-508, 84 Stat. 1114-4 (1970) (codified as amended in scattered sections of 12 United States Code (U.S.C.), 18 U.S.C., and 31 U.S.C.). Regulations for the Bank Secrecy Act and other related statutes are 31 Code of Federal Regulations (CFR) Sections (§§) 103.11-103.77.

⁹ 31 CFR § 1010.100(ff) (2011).

¹⁰ 31 CFR § 1022.311 (2015) as to Currency Transaction Reports and 31 CFR § 1022.320 (2011) as to Suspicious Activity Reports.



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regulated by a Federal bank agency or another Federal regulator. The IRS pursues BSA enforcement responsibilities through its Specialty Examination function in the Small Business/Self-Employed Division and pursues criminal violations of the BSA through its Criminal Investigation.

In March 2013, the FinCEN issued interpretive guidance that addresses the applicability of the BSA to persons creating, obtaining, distributing, exchanging, accepting, or transmitting virtual currency. The guidance provides information to help taxpayers determine whether their activities with virtual currencies classify them as an MSB, which are types of nonbank financial institutions that are regulated by the BSA.¹¹ Specifically, these guidelines distinguish the differences between users, administrators, and exchanges of virtual currency. For example:

- A user is a person who obtains virtual currency to purchase goods or services.
- An administrator is a person who is engaged as a business in using (putting into circulation) a virtual currency and who has the authority to redeem (to withdraw from circulation) such virtual currency.
- An exchanger is a person engaged as a business in the exchange of virtual currency for real currency, funds, or other virtual currency.

The FinCEN guidance states that a user who obtains virtual currency and uses it to purchase real or virtual goods or services is not an MSB. Importantly, the FinCEN guidance states that an administrator or exchange that 1) accepts and transmits a virtual currency or 2) buys or sells virtual currency for any reason is a money transmitter (an MSB) under FinCEN's regulations and would be subject to the BSA monitoring and reporting requirements unless a limitation to or exemption from the definition applies to the person.¹²

¹¹ The IRS's website (IRS.gov) identifies the following types of businesses as examples of MSBs: money transmitters; currency dealers or exchanges; and check cashers or issuers of traveler's checks, money orders, or stored value cards. There are other requirements to being considered an MSB, including engaging in one or more transactions on or after September 20, 1999, in an amount greater than \$1,000, in currency or monetary instruments, for any person and during any one day.

¹² FinCEN regulations provide that whether a person is a money transmitter is a matter of facts and circumstances. The regulations identify the circumstances under which a person is not a money transmitter despite accepting and transmitting currency, funds, or value that substitutes for currency. See 31 CFR § 1010.100(ff)(5)(ii)(A)–(F).



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As an MSB, virtual currency administrators and exchanges are required to comply with the Department of the Treasury's reporting requirements, including Suspicious Activity Reports.¹³ The failure to follow these rules would subject virtual currency administrators and exchanges to significant civil and criminal liability.¹⁴

In January 2014, the FinCEN issued clarifying rulings on virtual currency miners and investors. The first ruling states that to the extent a user creates or "mines" a virtual currency solely for a user's own purposes, the user is not a money transmitter under the BSA. The second ruling states that a company purchasing and selling virtual currency as an investment exclusively for the company's benefit is not a money transmitter.

By virtue of the FinCEN rulings, the IRS has significant tools available to help ensure that virtual currency exchanges are following the law and that unscrupulous individuals are not engaged in criminal activities through the use of virtual currencies. However, the IRS has primarily focused its limited virtual currency efforts on tax compliance issues and not enforcement of the potential criminal activities that are subject to the BSA. Although FinCEN guidance deems that virtual exchanges are MSBs subject to BSA regulation, the IRS did not include representatives from the Small Business/Self-Employed Division's BSA Program on the VCIT. Additionally, Small Business/Self-Employed Division Examination Policy function management was unaware of any strategies under development for BSA compliance enforcement related to virtual currency administrators or exchanges.

Enforcement efforts to date

In an October 2014 news article related to virtual currency, Bloomberg Bureau of National Affairs quoted Criminal Investigation management as saying that "agents will be targeting the use of the [virtual] currency to dodge taxes."¹⁵ When we followed up with Criminal

¹³ 31 CFR § 1022.320 describes the suspicious reporting obligation as follows:

(2) A transaction requires reporting under the terms of this section if it is conducted or attempted by, at, or through a money services business, involves or aggregates funds or other assets of at least \$2,000 (except as provided in paragraph (a)(3) of this section), and the money services business knows, suspects, or has reason to suspect that the transaction (or a pattern of transactions of which the transaction is a part):

- (i) Involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any Federal law or regulation or to avoid any transaction reporting requirement under Federal law or regulation;
- (ii) Is designed, whether through structuring or other means, to evade any requirements of this chapter or of any other regulations promulgated under the Bank Secrecy Act; or
- (iii) Serves no business or apparent lawful purpose, and the reporting money services business knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.
- (iv) Involves use of the money services business to facilitate criminal activity.

¹⁴ 31 U.S.C. § 5322 provides for criminal punishments for violations, which can include fines and imprisonment.

¹⁵ Allison Bennett, *Virtual Currency: FinCEN Virtual Currency Rulings May Make Tax Audits, Enforcement Easier, Analyst Says*, BNA Daily Tax Report (Oct. 30, 2014).



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Investigation management to determine what steps have since been taken to identify taxpayers that are using virtual currency to “dodge taxes,” we were told that nothing specific has been done.

Criminal Investigation management stated that most of the criminal cases involving virtual currency are related to narcotics and money laundering and provided us general information on five closed criminal investigation cases that involved virtual currency. In most of these case examples, the criminal allegation was for operating a bitcoin exchange without an MSB license or FinCEN registration in violation of 18 United States Code (U.S.C.) Section 1960.¹⁶ While the number of cases to date is small, it is significant that Criminal Investigation was able to disrupt potential criminal enterprises using laws, such as the BSA, governing MSBs.

There was one significant case example cited to us that involved Ross Ulbricht, the creator and operator of the “Silk Road” website. Criminal Investigation participated in an investigation along with several other Federal Government agencies. According to court documents, Ulbricht created the Silk Road in January 2011 and owned and operated the underground website until it was shut down by law enforcement authorities in October 2013. The Silk Road served as a sophisticated and extensive criminal marketplace on the Internet where unlawful goods and services, including illegal drugs of virtually all varieties, were bought and sold regularly by the site’s users. While in operation, the Silk Road was used by thousands of drug dealers and other unlawful vendors to distribute hundreds of kilograms of illegal drugs and other unlawful goods and services to more than 100,000 buyers, and to launder hundreds of millions of dollars deriving from these unlawful transactions. Ulbricht sought to anonymize transactions on the Silk Road by operating it on a special network of computers on the Internet designed to conceal the identities of the networks’ users. Ulbricht also designed the Silk Road to include a bitcoin-based payment system that concealed the identities and locations of the users transmitting and receiving funds through the site.

The Silk Road case is an example of a successful collaborative Federal investigation, but it is also a reminder that the anonymity feature of some virtual currencies is what attracts unscrupulous individuals to their use. The IRS should prepare a comprehensive virtual currency strategy that will assist taxpayers lawfully engaged with virtual currencies to voluntarily comply with the tax laws while seeking to identify individuals unlawfully engaged in their use.

Although the IRS established the VCIT and issued Notice 2014-21, there has been little evidence of coordination between the responsible functions to identify and address, on a program level, potential taxpayer noncompliance issues for transactions involving virtual currencies. None of the IRS operating divisions have developed any type of compliance initiatives or guidelines for conducting examinations or investigations specific to tax noncompliance related to virtual currency. In addition, it does not appear that any of the actions already taken by the IRS to address virtual currency tax noncompliance were coordinated to ensure that the IRS develops the

¹⁶ Pursuant to 31 U.S.C. § 5330, all MSBs must register with the FinCEN.



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overall “big picture” associated with taxpayer use of virtual currencies. However, according to Large Business and International Division management, in January 2016, a subgroup of the VCIT was established to look at the feasibility of creating a campaign around how the IRS should address tax noncompliance related to virtual currency. This work is still in the discussion stages.

To encourage and support results-oriented management, the Government Performance and Results Act was enacted by Congress to require Federal agencies to develop strategic plans, set performance goals, and report annually on their performance results as compared to their established goals.¹⁷ With the implementation of this legislation, the IRS is required to integrate these plans and goals into its operational management regime.

The IRS needs to ensure that it develops a strategic plan that includes management oversight as well as adequate internal controls for its virtual currency programs. Until a comprehensive virtual currency strategy is developed, the IRS is open to the risk that undetected noncompliance of virtual currency taxable transactions will result in an increase to the Tax Gap.

Recommendation

Recommendation 1: The Deputy Commissioner for Services and Enforcement should request the Large Business and International Division, the Small Business/Self-Employed Division, and Criminal Investigation to develop a coordinated virtual currency strategy that includes outcome goals, a description of how the agency intends to achieve those goals, and an action plan with a timeline for implementation. In addition, the strategy should use the tools available to the IRS and identify how the IRS is going to meet its BSA, criminal investigation, and tax enforcement obligations as related to virtual currencies as well as identify how actions will be monitored and the methodologies used to measure the actions taken.

Management’s Response: The IRS agreed with this recommendation. The IRS agreed that a comprehensive virtual currency strategy is important. The Large Business and International Division will collaborate with other business operating divisions to identify potential noncompliance in the virtual currency area and develop the appropriate strategy for addressing such noncompliance. Criminal Investigation will coordinate with the divisions to promote fraud awareness relative to virtual currency compliance issues and assist with any training and coordination relative to the virtual currency program.

¹⁷ Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).



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More Action Is Needed to Educate Taxpayers About Virtual Currency Tax Compliance

Notice 2014-21 states, “the IRS is aware that ‘virtual currency’ may be used to pay for goods and services or held for investment.” Although the IRS officially stipulates that virtual currency should be treated as property, taxpayers can still use it as currency in small transactions, such as purchasing a cup of coffee or a digital song download, or in large transactions, such as renting an apartment or purchasing a vehicle or a home. Additionally, Notice 2014-21 describes:

...virtual currency as a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value. In some environments, it operates like real currency – i.e., the coin and paper money of the United States or any another country that is designated as legal tender, circulates, and is customarily used and accepted as a medium of exchange in the country of issuance – but it does not have legal tender status in any jurisdiction.

For example, bitcoins can be digitally traded between users and can be purchased for or exchanged into U.S. dollars, Euros, and other real or virtual currencies.

Notice 2014-21 requires a taxpayer who receives virtual currency as payment for goods or services to compute gross income using the fair market value of the virtual currency, measured in U.S. dollars, as of the date that the virtual currency is received. However, because bitcoins are divisible to eight decimal places, this means that each bitcoin can be divided up into 100 million pieces. Based on this general guidance, when a portion of a bitcoin is used to make a purchase, taxpayers will have to treat the transaction as property and determine their tax basis for the bitcoin on the day of the purchase. For example, if a taxpayer uses a portion of a bitcoin to buy a cup of coffee each day for one week, he or she will have to determine what portion of the bitcoin was used to make the purchase based on the daily exchange rate, convert it into U.S. dollars, and keep a record of each transaction so that the gain or loss from his or her virtual currency property can be properly reported. Notice 2014-21 does not provide taxpayers with guidance on what records should be kept and how the records should be maintained. Due to the potential complexity of reporting otherwise simple retail purchase transactions related to virtual currencies, further guidance is needed to help taxpayers voluntarily comply with their tax obligations.

In addition, U.S. employees who are paid bitcoins as wages for services provided to their employers face similar challenges.¹⁸ Although employers need to accurately calculate the Social Security taxes and other withholdings for their employees in U.S. dollars, employees who receive bitcoins as wages need to maintain accurate records, especially if they do not

¹⁸ According to various organizational websites and news articles, employees who work for organizations and businesses like The Bitcoin Foundation, Coinbase, and The Internet Archive have the option of their salaries being paid in bitcoins.



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immediately use or convert their bitcoins received as wages into currency. Once bitcoins are used or converted, there may be a gain or loss that needs to be recorded so that the gain or loss can be accurately reported on the employee's tax return. Further guidance regarding recordkeeping may provide valuable assistance to employees who may not be accustomed to getting paid in property. This is especially true for those employees who consider the bitcoin amounts received as "wages" because their employer reports to the IRS the wages the employee received in bitcoins as U.S. dollars on the employee's Form W-2.

In addition to receiving virtual currency as a payment for goods and services, some members of the public receive virtual currency as payment for services associated with mining virtual currencies. Notice 2014-21 requires that when a taxpayer successfully "mines" virtual currency, the fair market value of the currency as of the date of receipt is includible in gross income. However, properly reporting the correct amount could become complex because of fluctuations in bitcoin valuation and because some miners may only be receiving portions of a bitcoin instead of a whole bitcoin.

In March 2014, the IRS requested comments to Notice 2014-21 from the public about the virtual currency information explained in the notice. To date, the IRS has received and reviewed 36 comments submitted by the public; however, no actions were taken to address the comments received. We reviewed all the comments and found several examples of information requested by the public that would be helpful in understanding how to comply with the tax reporting requirements when using or receiving virtual currencies.

The public identified three primary issues, which included comments on the burden of:

- Keeping track of transactions associated with virtual currencies when they are used as property. The public requested information about the valuation method to be used for virtual currencies and the lack of an official valuation source. The public also expressed concerns about the impact on businesses that would have to keep track of gains or losses on all transactions because virtual currencies are to be treated as property instead of currency. Some of the comments point out that the recordkeeping of each transaction will become onerous for people who use virtual currencies in everyday purchases.
- Keeping track of the cost and payments related to mining bitcoins. The public requested information about how to account for bitcoins earned in the mining process because some people only own the equipment used for mining. Some comments explained that some taxpayers pool their computer resources together to help solve the bitcoin equations so only partial pieces are earned at different times, and the coins earned can be received multiple times in the same day.
- Determining how to ensure tax compliance of transactions involving virtual currencies. The public requested information about whether virtual currencies could be used in individual retirement or investment accounts or given as charitable contributions. The



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public wanted to know what accounting method to use to report sales transactions involving virtual currencies.

As the GAO points out in its report on financial derivatives, “When application of tax law is complex or uncertain ... guidance to taxpayers is an important tool for IRS to address tax effects and potential abuse.”¹⁹ Because the IRS has determined that virtual currency is treated as property, the public may not understand that each purchase of consumer goods with a virtual currency could result in a reportable tax transaction. The public feedback shows that a number of potential issues were created with the IRS’s decision to treat virtual currencies as property. To assist taxpayers in determining their tax obligations when using a virtual currency, the IRS needs to provide more detailed guidance about the recordkeeping requirements to track a realized gain or loss when virtual currencies are used as property or as currency.

Unlike the IRS, the Australian Taxation Office addressed the need for tax guidance in differentiating between the various uses of virtual currencies. For example, both the Australian Taxation Office and the IRS determined that virtual currencies, like bitcoin, are assets for capital gains tax purposes. However, when using them to pay for personal transactions, the Australian Taxation Office decided that there will be no income tax implications if the person is not in business or carrying on an enterprise and is simply paying for goods or services. Any capital gain or loss realized from the disposal of the virtual currency is to be disregarded provided its cost is \$10,000 (Australian dollars) or less.

During discussions with IRS management, our auditors were told that no changes to the IRS guidance would be made based on the comments received from the public. With questions that the public has about recordkeeping, mining, and tax compliance reporting for virtual currencies, some potential for noncompliance exists because the detailed guidance needed by taxpayers to properly comply with their virtual currency tax obligations was not provided by the IRS.

Recommendation

Recommendation 2: The Deputy Commissioner for Services and Enforcement should take action to provide updated guidance to reflect the documentation requirements and tax treatments needed for the various uses of virtual currencies.

Management’s Response: The IRS agreed with this recommendation. The IRS agreed that additional guidance would be helpful; however, the IRS conveyed that guidance allocation decisions are based on available resources and other competing organizational and legislative priorities. The IRS will share this recommendation for guidance with the IRS’s Office of Chief Counsel for coordination with the Department of the Treasury’s Office of Tax Policy.

¹⁹ GAO, GAO-11-750, *Financial Derivatives: Disparate Tax Treatment and Information Gaps Create Uncertainty and Potential Abuse* (October 2011).



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Office of Audit Comment: While we understand that resources are limited and subject to competing priorities, the IRS's current guidance related to virtual currencies is insufficient. To help taxpayers voluntarily comply with their tax obligations, the IRS should devote some of its efforts to provide adequate direction in this new and complex area.

Third-Party Information Reporting Documents Should Be Revised to Encourage Taxpayer Compliance and to Facilitate Identification of Virtual Currency Reporting Noncompliance

Current third-party methods of reporting taxable transactions to the IRS, such as Form W-2, Form 1099-MISC, and Form 1099-K, *Payment Card and Third Party Network Transactions*, do not separately identify transactions related to virtual currency. For example, in the FAQs for Notice 2014-21, it states, "the fair market value of virtual currency paid as wages is subject to Federal income tax withholding, Federal Insurance Contributions Act tax, and Federal Unemployment Tax Act tax and must be reported on Form W-2..." Notice 2014-21 also refers employers to Publication 15, which addresses the filing of Form 1099-MISC to report payments of \$600 or more to persons not treated as employees (independent contractors) for services performed for a trade or business. In the FAQs, it states that:

...self-employment income includes all gross income derived by an individual from any trade or business carried on by the individual as other than an employee. Consequently, the fair market value of virtual currency received for services performed as an independent contractor, measured in U.S. dollars as of the date of receipt, constitutes self-employment income and is subject to the self-employment tax.

While employers and businesses are required to report taxable virtual currency transactions on Form W-2, Form 1099-MISC, *etc.*, these forms currently do not provide the IRS with any means to identify that the taxable transaction amounts being reported were specifically related to virtual currencies. Similarly, the instructions provided in Notice 2014-21 for Form 1099-K state that:

When completing Boxes 1, 3, and 5a-1 on the Form 1099-K, transactions where the Third Party Settlement Organization settles payments made with virtual currency are aggregated with transactions made with real currency to determine the total amounts to be reported in those boxes.²⁰ When determining whether the transactions are reportable, the value of the virtual currency is the fair market value of the virtual currency in U.S. dollars on the date of payment.

²⁰ In general, a third party that contracts with a substantial number of unrelated merchants to settle payments between the merchants and their customers is a third-party settlement organization as defined in Notice 2014-21.



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Again, there is no method provided for differentiating the virtual currency transaction amount from a transaction amount made with real currency as they are currently aggregated together and reported as one amount on Form 1099-K.

The GAO's *Standards for Internal Control in the Federal Government* provides five components for internal control.²¹ These include:

- Control Environment.
- Risk Assessment.
- Control Activities.
- Information and Communication.
- Monitoring.

Risk Assessment provides that management should identify and analyze the risks related to achieving defined objectives. Management identifies risks and analyzes them to estimate their significance; this analysis provides a basis for responding to the risks. The IRS has determined that there is a risk of reporting noncompliance through the use of virtual currencies in taxable transactions. However, the IRS has not developed a methodology for gathering data on virtual currency use in taxable transactions—data that are necessary to analyze the risk of noncompliance and to estimate its significance.

In April 2016, the IRS estimated that the average gross Tax Gap for Tax Years 2008 through 2010 was \$458 billion per year. The largest portion of the Tax Gap, \$387 billion annually, is due to underreporting. According to the IRS, taxpayer compliance is higher when income is subject to third-party information reporting and even higher when also subject to withholding. IRS Tax Gap analyses found that, “Misreporting of income amounts subject to substantial information reporting and withholding is 1 percent; of income amounts subject to substantial information reporting but not withholding, it is 7 percent; and of income amounts subject to little or no information reporting, such as nonfarm proprietor income, it is 63 percent.” In addition, the latest Taxpayer Attitude Survey from the IRS Oversight Board, issued in December 2014, found that personal integrity and third-party reporting are the top two factors having a “great deal of influence” on whether taxes are reported and paid honestly.

The IRS already uses third-party reporting documents to verify information claimed by taxpayers on their tax returns. The IRS's Automated Underreporter (AUR) program systemically compares amounts shown on a taxpayer's tax return with information reported on third-party documents such as Form 1099-B, *Proceeds From Broker and Barter Exchange Transactions*. For example, the AUR program matches the proceeds reported by a barter exchange with the

²¹ GAO, GAO-14-704G, *Standards for Internal Control in the Federal Government* (Sept. 2014).



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income claimed by a taxpayer on his or her tax return.²² IRS guidelines identify bartering as an exchange of one taxpayer's property or services for another taxpayer's property or services without the use of currency. The fair market value of property or services received through barter is taxable income. The barter exchanges are required to report their members' transactions to the IRS on Form 1099-B.

Form 1099-B contains a box showing the proceeds from bartering, which allows the IRS to specifically identify bartering transactions. The AUR program uses this information to identify when bartering proceeds reported by a third party do not agree with what was reported by a taxpayer. The IRS may correspond with the taxpayer for additional information if it appears that bartering income was underreported. These contacts with the taxpayer can result in adjustments to the tax return.

Form 1099-B has been revised since its introduction in Tax Year 1983 to provide the IRS with information regarding additional taxable transactions. Figure 1 is an example of the Tax Year 1983 Form 1099-B before any revisions.

Figure 1: Copy of Tax Year 1983 Form 1099-B

For Official Use Only		OMB No. 1545-0715	
		Type or print BROKER'S name, address, ZIP code and Federal identi- fying number.	Copy A For Internal Revenue Service Center
		1a Date of Sale	1b CUSIP No. <input type="checkbox"/> 7979
Recipient's identifying number	2 Stocks, bonds, etc.	3 Bartering	4 Federal income tax withheld*
Type or print RECIPIENT'S name, address, and ZIP code below. (Name must align with arrow.)		5 Description	
		Regulated Futures Contracts	
		6 Profit or (loss) realized 7/1/ 83 through 12/31/83	7 Unrealized profit or (loss) on open contracts-end of prior year*
		8 Unrealized profit or (loss) on open contracts-12/31/83	9 Aggregate profit or (loss)*
Form 1099-B		For Paperwork Reduction Act Notice and instructions for completing this form, see instruc- tions for Form 1096.	
		* Not to be used in 1983	
		Department of the Treasury - Internal Revenue Service	

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Source: IRS.gov.

Figure 2 shows the Tax Year 2016 Form 1099-B after various revisions were made by the IRS through the years to capture additional information for compliance purposes.

²² Internal Revenue Code § 6045(c)(3) defines a barter exchange as any organization of members providing property or services who contract to trade or barter the property or services.



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Figure 2: Copy of Tax Year 2016 Form 1099-B

7979 VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Applicable check box on Form 8840		OMB No. 1545-0045 <div style="font-size: 2em; font-weight: bold; text-align: center;">2016</div> Form 1099-B		Proceeds From Broker and Barter Exchange Transactions	
1a Description of property (Example: 100 sh. XYZ Co.)							
1b Date acquired				1c Date sold or disposed			
PAYER'S federal identification number		RECIPIENT'S identification number		1d Proceeds \$		1e Cost or other basis \$	
RECIPIENT'S name		11 Acquired market if securities		1f Wash sales tax disclosed \$		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.	
Street address (including apt. no.)		2 Short-term gain or loss <input type="checkbox"/> Long-term gain or loss <input type="checkbox"/> Ordinary <input type="checkbox"/>		3 Check 1 basis reported to IRS <input type="checkbox"/>			
City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$		5 Check 1 noncovered security <input type="checkbox"/>			
Account number (see instructions)		6 Reported to IRS: Gross proceeds <input type="checkbox"/> Net proceeds <input type="checkbox"/>		7 Check if loss is not allowed based on amount realized <input type="checkbox"/>			
GLSIF number		8 Profit or (loss) realized in 2016 on closed contracts \$		9 Unrealized profit or (loss) on open contracts—12/31/2016 \$			
14 State name		10 Unrealized profit or (loss) on open contracts—12/31/2016 \$		11 Aggregate profit or (loss) of contracts \$			
15 State identification no.		12 Check if proceeds from collectibles <input type="checkbox"/>		13 Bartering \$			
16 State tax withheld \$		17		18			
17		18		19			

Form 1099-B Cat. No. 14411V www.irs.gov/form1099b Department of the Treasury - Internal Revenue Service
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Source: IRS.gov.

Information reporting documents such as Forms 1099-MISC, 1099-B, 1099-K, W-2, etc. provide third-party information to the IRS regarding potentially taxable transactions and encourage voluntary compliance. Revising existing information reporting documents to require employers, businesses, and third-party settlement organizations to identify virtual currency transaction amounts would provide the IRS with some of the data necessary to analyze the risk of taxpayer reporting noncompliance regarding virtual currencies. Once the IRS develops a methodology to capture the information needed to identify potentially taxable virtual currency transactions, it should consider using the existing AUR program and more formalized examinations as a template when developing any virtual currency compliance program.



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Recommendation

Recommendation 3: The Deputy Commissioner for Services and Enforcement should revise third-party information reporting documents to identify the amounts of virtual currency used in taxable transactions.

Management's Response: The IRS agreed with this recommendation. As part of the IRS's overall strategy development in response to Recommendation 1, the IRS will consider whether changes to information reporting documents would assist in identifying noncompliance related to virtual currency transactions. In its consideration, the IRS will assess the cost and impact to filers of these information returns, as well as taxpayer burden. However, based on the IRS's current fiscal climate, the IRS is faced with competing funding priorities requiring a need-based prioritization of information technology expenditures. Consequently, the IRS does not consider modifying information reporting documents to capture virtual currency amounts as a priority at this time.

Office of Audit Comment: As the IRS develops its strategy to ensure taxpayer compliance related to virtual currencies, the IRS also needs a methodology for gathering data on virtual currency transactions in order to identify and measure the risk of noncompliance. The IRS has already established that taxpayer compliance is higher when income is subjected to third-party information reporting. We believe that by identifying virtual currency transactions through third-party information reporting documents, the risk of taxpayer noncompliance can be reduced.



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Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to evaluate the IRS's strategy for addressing income produced through virtual currencies.¹ To accomplish this objective, we:

- I. Evaluated the IRS's compliance strategy for addressing the use of virtual currencies for taxable transactions.
 - A. Identified and reviewed current delegation authority from the Department of the Treasury's FinCEN and the IRS's enforcement responsibilities as they relate to virtual currencies.
 - B. Interviewed members of the VCIT to determine the purpose and goals of the team and identify actions completed to meet the goals of the team. We reviewed the minutes of the VCIT meetings to identify emerging issues and team decisions on virtual currencies.
 - C. Reviewed the final FAQs and public comments received in response to the questions in IRS Notice 2014-21, *Virtual Currency Guidance*.
 - D. Reviewed IRS guidance to taxpayers on IRS.gov and publications to determine if the guidance was adequate to educate and inform taxpayers on how to account for the use of virtual currencies on their tax returns.
 - E. Evaluated what the IRS had done to inform, educate, and assist taxpayers who are using virtual currencies for taxable transactions.
 - F. Determined what procedures are in place to address virtual currency issues during investigations and audits.
 - G. Evaluated the IRS's current third-party methods of reporting taxable virtual currency transactions, including those used to identify taxable income attributable to bartering transactions.

Internal controls methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the

¹ See Appendix IV for a glossary of terms.



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following internal controls were relevant to our audit objective: IRS policies, procedures, guidance, and training pertaining to virtual currency. To evaluate these controls, we interviewed management in the Large Business and International Division, the Small Business/Self-Employed Division, Criminal Investigation, and the Office of Chief Counsel. We obtained and analyzed relevant policies, procedures, and guidance, and reports provided in regard to training, guidance to the public, and VCIT meeting minutes.



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Appendix II

Major Contributors to This Report

Matthew A. Weir, Assistant Inspector General for Audit (Compliance and Enforcement Operations)
Bryce Kisler, Director
Alan Lund, Audit Manager
Javier Fernandez, Acting Audit Manager
Michele Jahn, Acting Audit Manager
Gwendolyn Green, Lead Auditor
David Hartman, Senior Auditor



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Appendix III

Report Distribution List

Commissioner
Office of the Commissioner – Attn: Chief of Staff
Chief Counsel
Chief, Criminal Investigation
Commissioner, Large Business and International Division
Commissioner, Small Business/Self-Employed Division
Commissioner, Wage and Investment Division
Director, Office of Audit Coordination



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Appendix IV

Glossary of Terms

Term	Definition
Bitcoin	The open source software used to create the bitcoin virtual currency and the peer-to-peer network formed as a result (when capitalized). The individual units of the bitcoin virtual currency (when lowercase).
Convertible Virtual Currency	Virtual currency that has an equivalent value in real currency or that acts as a substitute for real currency.
Fair Market Value	A selling price for an item or property at which a buyer and seller will agree to do business.
Fiscal Year	Any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government's fiscal year begins on October 1 and ends on September 30.
Information Reporting Document	A return that includes any form, statement, or schedule required to be filed with the IRS with respect to any amount from which tax is required to be deducted and withheld.
Internal Revenue Code	Federal tax law begins with the Internal Revenue Code, enacted by Congress in Title 26 of the U.S.C. It is the main body of domestic statutory tax law of the United States organized topically, including laws covering the income tax, payroll taxes, gift taxes, estate taxes, and statutory excise taxes. Its implementing agency is the IRS.
Money Services Business	A type of nonbank financial institution. They include the following types of businesses: money transmitters, currency dealers or exchanges, and check cashers or issuers of traveler's checks, money orders, or stored value cards.
Tax Gap	The estimated difference between the amount of tax that taxpayers should pay and the amount that is paid voluntarily and on time.
Tax Year	A 12-month accounting period for keeping records on income and expenses used as the basis for calculating the annual taxes due. For most individual taxpayers, the tax year is synonymous with the calendar year.
Virtual Currency	A digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value.



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Appendix V

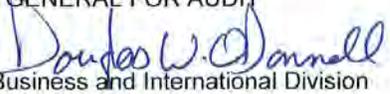
Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

September 8, 2016

MEMORANDUM FOR MICHAEL E. MCKENNEY
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Douglas W. O'Donnell 
Commissioner, Large Business and International Division

SUBJECT: Draft Audit Report TIGTA 2015-30-022: As the Use of Virtual
Currencies in Taxable Transactions Becomes More Common,
Additional Actions Are Needed to Ensure Taxpayer Compliance

Thank you for the opportunity to review and comment on the subject draft report. Alternative payment methods, such as convertible virtual currencies, have grown in popularity in recent years and have emerged as a potential alternative to using traditional currencies such as the U.S. dollar.

As outlined in the report, we have completed some preliminary compliance work related to virtual currencies, including several criminal investigations that have successfully disrupted criminal enterprises that were using virtual currencies in their illegal transactions. We have also issued guidance to taxpayers on virtual currencies, in addition to developing and delivering training to our employees on this emerging issue. But we agree that more can be done to develop a coordinated virtual currency strategy, and we will work on further developing the IRS' overall strategic approach to virtual currencies, taking into account the findings in your report. Indeed, a cornerstone of the LB&I Future State is to improve our flexibility to respond to emerging issues such as these, for example, via the development of strategic and coordinated campaigns that would deploy tailored treatments streams for addressing tax compliance – using both enforcement tools (such as examinations and criminal investigations for addressing noncompliance or illegal transactions), as well as outreach, education and training on compliance with the tax obligations surrounding virtual currencies.

The corrective actions that the IRS will take to address the recommendations are more fully described in the attachment. If you have any questions, please contact me, or a member of your staff may contact Pamela Drenthe, Director, Withholding & International Individual Compliance, at (202) 515-4417.

Attachment



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Attachment

TIGTA Audit 2015-30-022: As the Use of Virtual Currencies in Taxable Transactions Become More Common, Additional Actions Are Needed to Ensure Taxpayer Compliance

RECOMMENDATION 1:

The Deputy Commissioner for Services and Enforcement should request the Large Business and International Division, the Small Business/Self-Employed Division, and Criminal Investigation to develop a coordinated virtual currency strategy that includes outcome goals, a description of how the agency intends to achieve those goals, and an action plan with a timeline for implementation. In addition, the strategy should use the tools available to the IRS and identify how the IRS is going to meet its Bank Secrecy Act (BSA), criminal investigation, and tax enforcement obligations as related to virtual currencies as well as identify how actions will be monitored and the methodologies used to measure the actions taken.

CORRECTIVE ACTIONS:

IRS agrees that a comprehensive virtual currency strategy is important. LB&I will collaborate with other business operating divisions to identify potential noncompliance in this area, and develop the appropriate strategy for addressing such noncompliance. Criminal Investigation will coordinate with the divisions to promote fraud awareness relative to virtual currency compliance issues and assist with any training and coordination relative to this program area.

IMPLEMENTATION DATE: 9/30/2017

RESPONSIBLE OFFICIAL(S):

Director, Withholdings & International Individual Compliance Practice Area, LB&I

Director, Criminal Investigation, Financial Crimes

CORRECTIVE ACTION(S) MONITORING PLAN:

We will monitor this corrective action as part of our internal management control system.



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RECOMMENDATION 2:

The Deputy Commissioner for Services and Enforcement should take action to provide updated guidance to reflect the documentation requirements and tax treatments needed for the various uses of virtual currencies.

CORRECTIVE ACTIONS:

IRS agrees that additional guidance would be helpful. Guidance allocation decisions are based on available resources and other competing organizational and legislative priorities (such as guidance to implement enacted legislation). We will share this recommendation for guidance with the IRS Office of Chief Counsel for coordination the Department of Treasury Office of Tax Policy.

IMPLEMENTATION DATE: 12/30/2016

RESPONSIBLE OFFICIAL(S):

Director, Withholding & International Individual Compliance Practice Area, LB&I

CORRECTIVE ACTION(S) MONITORING PLAN:

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 3:

The Deputy Commissioner for Services and Enforcement should revise third-party information reporting documents to identify the amounts of virtual currency used in taxable transactions.

CORRECTIVE ACTIONS:

As part of our overall strategy development in response to Recommendation 1, IRS will consider whether changes to information reporting documents would assist in identifying non-compliance related to virtual currency transactions. Any changes will need to be assessed for cost to IRS and the payors who file these information returns, as well as taxpayer burden. However, in our current fiscal climate, the IRS is faced with competing funding priorities; and this reduced funding has required a need-based prioritization of Information Technology expenditures. Modifying information reporting documents to capture virtual currency amounts is not a priority at this time.

IMPLEMENTATION DATE: N/A



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RESPONSIBLE OFFICIAL(S):

Director, Withholding & International Individual Compliance Practice Area, LB&I

CORRECTIVE ACTION(S) MONITORING PLAN:

We will monitor this corrective action as part of our internal management control system.