

Daily Tax Report

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IRS Suggests Changes to How It Asks About 2021 Crypto Activity

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- Changes would reduce ambiguity, tax professional says
- May relieve disclosure need when relocating existing assets

The IRS is proposing changes to a question cryptocurrency users must answer when they file their 2021 taxes next year.

In a draft of the 2021 [Form 1040](#), released Wednesday, the agency reworded how it asks about the cryptocurrency transactions it wants people to disclose...

Evan Fox, a tax director at Marcum LLP, said the question still asks whether taxpayers received an interest in virtual currency, so he didn't know if removing the reference to acquiring the digital assets would make much of a difference to taxpayers.

"The wording here has always been a little strange and unclear but removing 'send' to me is actually the biggest component," he said. That could be interpreted as alleviating the need for disclosure in cases where an individual already owns cryptocurrency but is simply relocating it to a different exchange or wallet for security or preference purposes, Fox said.