

# Putting the Final 6045 Regulations and Form 1099-DA into Practice

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## Panelists

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## Overview of § 6045 Reporting

provides that “[e]very person doing business as a broker” must file an information return

## Final Regulations & Other Guidance Under § 6045

## Implementation Timeline – 2025

The first set of compliance for custodial brokers under this regime begins starting

:

- Brokers must track gross proceeds for transactions that occur in 2025.
- Backup withholding by brokers is not required on any digital asset sale during 2025.
- Penalty waivers in place for good faith efforts
- No 1099-DA filing is required during 2025 - just the collection of information for later filing.

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## Notice 2025-7 – Temporary Relief for making adequate specific identification.

Treas. Reg. § 1012-1(j) of the Final Regulations provides ordering rules for determining which units of the

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## Implementation Timeline – 2026

The next set of compliance for custodial brokers begins starting \_\_\_\_\_ :

- Brokers must report gross proceeds from 2025 transactions to the IRS.
- Brokers are required to continue to track gross proceeds, and begin to track cost basis, for transactions that occur in 2026.
- Brokers must collect a Form W-9 or the appropriate Form W-8 for any new account.
  - Must use the IRS taxpayer identification number (TIN) matching system in lieu of a Form W-9 for pre-existing accounts.
- Backup withholding (currently equal to 24% of total proceeds):
  - On all new accounts that lack a Form W-9 or the appropriate Form W-8
  - On all pre-existing accounts with a TIN mismatch.

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## Implementation Timeline – 2027

The next set of compliance for custodial brokers begins starting \_\_\_\_\_ :

- Brokers must report gross proceeds \_\_\_\_\_ from 2026 transactions to the IRS.
- Brokers must document all pre-existing and new accounts with a Form W-9 or the appropriate Form W-8.
- Backup withholding (currently equal to 24% of total proceeds) on all accounts that either:
  - Lack a Form W-9 or W-8, or
  - Have a TIN mismatch.

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## Taxpayer's Perspective

### Expectations vs. Reality:

- Broker rules provide a bare minimum of reporting, but not what many users may be expecting.
  - Still may require complicated tax services, despite form 1099-DA
- Taxpayers will receive first form for 2025 (in early 2026) – but without basis information.

## Potential Disconnects w/r/t Forms 1099-DA

Issuer obligations on Form 1099-DA vs. Taxpayer's expectations on Form 1099-DA.

Lack of clarity about timing of Form 1099-DA obligations.

Brokers lack obligations over certain types of transactions – might not be complete "crypto" report on Form 1099-DA

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## Tax preparer's perspective

Understand taxpayer's involvement with digital assets

Understand taxpayer's activities using digital assets

Understand taxpayer's record keeping

Obtain complete information from taxpayer

Understand current tax reporting requirements and guidelines related to digital assets

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