

Transitional Tax Reporting Guidance for Business Transactions Involving Digital Assets

January 26, 2024

In [Announcement 2024-4](#), the IRS and the US Department of the Treasury stated that, until regulations are issued, taxpayers will not be required to treat digital assets received in the course of their trade or business as cash for purposes of determining whether the \$10,000 threshold for reporting on IRS Form 8300 has been exceeded.

Under Section 6050I of the Internal Revenue Code of 1986, as amended, taxpayers that receive cash of more than \$10,000 in the course of their trade or business generally are required to report such transactions on IRS Form 8300, which requires disclosure of identifying information with respect to the transferor, including the transferor's taxpayer identification number; the form of identification used by the taxpayer to verify the transferor's identity (e.g., driver's license or passport); any related identifying number (e.g., driver's license or passport number); and a description of the transaction. The taxpayer also must provide written notification to the transferor that the information on Form 8300 was furnished to the IRS.

In 2021, the [Infrastructure Investment and Jobs Act \(IIJA\)](#) expanded Section 6050I to treat digital assets as cash for purposes of determining whether the \$10,000 threshold has been exceeded. This expansion of Section 6050I was scheduled to take effect beginning after December 31, 2023. Failure to report transactions that are required to be disclosed on IRS Form 8300 can result in civil penalties and, in certain cases, criminal charges.

Announcement 2024-4 states that the IRS and the Treasury Department intend to implement the expansion of Section 6050I under the IIJA by publishing regulations that specifically address the application of Section 6050I to digital assets, as well as by providing forms and instructions for reporting that address the inclusion of digital assets. Until such regulations are issued, taxpayers that receive digital assets (or digital assets and other cash) in a transaction or a series of related transactions in the course of their trade or business will not be required to treat the digital assets as cash for purposes of determining whether cash received with respect to those transactions has a value in excess of \$10,000 for purposes of Section 6050I.

Announcement 2024-4 does not change the information reporting requirements under Section 6050I for taxpayers that receive cash (excluding digital assets) in excess of \$10,000 in a transaction or a series of related transactions in the course of their trade or business. Announcement 2024-4 also does not affect the income tax obligations of taxpayers that receive digital assets or use digital assets to make any payments.

This content is provided for general informational purposes only, and your access or use of the content does not create an attorney-client relationship between you or your organization and Cooley LLP, Cooley (UK) LLP, or any other affiliated practice or entity (collectively referred to as "Cooley"). By accessing this content, you agree that the information provided does not constitute legal or other professional advice. This content is not a substitute for obtaining legal advice from a qualified attorney licensed in your jurisdiction, and you should not act or refrain from acting based on this content. This content may be changed without notice. It is not guaranteed to be complete, correct or up to date, and it may not reflect the most current legal developments. Prior results do not guarantee a similar outcome. Do not send any confidential information to Cooley, as we do not have any duty to keep any information you provide to us confidential. When advising companies, our attorney-client relationship is with the company, not with any individual. This content may have been generated with the assistance of artificial intelligence (AI) in accordance with our AI Principles, may be considered Attorney Advertising and is subject to our [legal notices](#).

Key Contacts

Eileen Marshall Washington, DC	emarshall@cooley.com +1 202 728 7083
Jeffrey J. Tolin New York	jtolin@cooley.com +1 212 479 6160

This information is a general description of the law; it is not intended to provide specific legal advice nor is it intended to create an attorney-client relationship with Cooley LLP. Before taking any action on this information you should seek professional counsel.

Copyright © 2023 Cooley LLP, 3175 Hanover Street, Palo Alto, CA 94304; Cooley (UK) LLP, 22 Bishopsgate, London, UK EC2N 4BQ. Permission is granted to make and redistribute, without charge, copies of this entire document provided that such copies are complete and unaltered and identify Cooley LLP as the author. All other rights reserved.