

# 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.

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