



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

May 16, 2019

The Honorable Tom Emmer
U.S. House of Representatives
Washington, DC 20515

Dear Representative Emmer:

Thank you for your letter dated April 11, 2019, requesting that we provide additional guidance for taxpayers regarding the tax consequences of virtual currency transactions.

As noted in your letter, we issued Notice 2014-21, which stated that virtual currency is treated as property and existing tax principles applicable to property transactions apply to virtual currency transactions. Since that time, virtual currency as a medium of exchange and investment has continued to develop. We have received numerous comments in response to the Notice and have been working with internal and external stakeholders to identify areas where needed and helpful additional guidance can be provided.

I share your belief that taxpayers deserve clarity on basic issues related to the taxation of virtual currency transactions and have made it a priority of the IRS to issue guidance. Specifically, your letter mentions (1) acceptable methods for calculating cost basis; (2) acceptable methods of cost basis assignment; and (3) tax treatment of forks. We have been considering these issues and intend to publish guidance addressing these and other issues soon.

I hope this information is helpful. I am sending a similar letter to your colleagues. If you have additional questions, please feel free to contact me, or a member of your staff may contact Leonard Oursler, Director, Legislative Affairs, at 202-317-6985.

Sincerely,

A handwritten signature in blue ink that reads "Charles P. Rettig".

Charles P. Rettig