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HAPPY

TAX SERVICE

Smile, It's Time to File!

Consumer Warning: [CryptoTaxPrep.com](https://cryptotaxprep.com) warns of cryptocurrency tax penalties for customers of two major national brands

Intuit's (NASDAQ:INTU) TurboTax® lets people with more than 250 crypto transactions file incorrectly and Coinbase® has released misleading information on airdrops

April 9, 2019 - Miami Beach, FL – Those that sold, received or used cryptocurrency in 2018 need to make sure they're following the right advice before filing their tax return this year or risk getting in trouble with the IRS.

TurboTax® Gets It Wrong on Crypto Asset Summarizations

The top do-it-yourself tax preparation software, TurboTax®, is providing incorrect instructions regarding Form 8949, Sales and Other Dispositions of Capital Assets—the form used to report taxable cryptocurrency events. Instead of instructing customers to enter each and every taxable transaction as required by the IRS, the software limits the number of itemized events to 250 and recommends that product users with over 250 transactions summarize their net proceeds into short-term and long-term gains.

This is contradictory to the IRS's very specific instructions regarding the way losses and gains for cryptocurrency are required to be reported:

Unlike other stocks, bonds or other capital assets, which taxpayers receive a Form 1099-B for, every cryptocurrency transaction MUST be reported individually due to no 1099-B being issued.

Unfortunately, not properly itemizing this information as per the IRS's rules can lead to penalties and audits. Those with over 250 cryptocurrency transactions are advised to seek the help of a CPA with deep cryptocurrency tax and accounting experience like those at [CryptoTaxPrep.com](https://cryptotaxprep.com).

The Coinbase® 2019 Crypto Tax Guide Gives Faulty Airdrop Guidance

The US's largest digital currency exchange, Coinbase®, may be unintentionally misleading millions of taxpayers in a way that will unnecessarily hike up their tax bills. Taxpayers who use the assistance of Coinbase® to determine how much they owe the IRS in cryptocurrency taxes may estimate their tax liability at thousands of dollars above what they actually owe.

The online tax guidance provided by Coinbase® implies that airdrops are taxable as ordinary income—which is reported on Line 21 of Schedule 1 of Form 1040—rather than as capital gains that only become taxable when the positions are sold. Refer to the attached fact sheet for more details.

Technical tax talk aside, this is a serious issue. Anyone who has received an airdrop of cryptocurrency should work with a cryptocurrency tax and accounting specialist.

Following faulty guidance on the way the IRS treats cryptocurrency transactions may lead to millions of dollars in overpaid taxes by cryptocurrency owners, investors, and enthusiasts. Often, this money is never recovered.

Taxpayers Trust CryptoTaxPrep.Com with Their Crypto Tax Returns

CryptoTaxPrep, a division of Happy Tax, is the first and only national crypto tax preparation and planning firm in the U.S. to serve crypto investors in all fifty states. The company retains a specialized team of CPAs who are highly trained and skilled in cryptocurrency tax compliance, regulations, and accounting. The experts at [CryptoTaxPrep.com](https://www.cryptotaxprep.com) ensure that crypto investors are in compliance with applicable tax laws—including foreign asset reporting obligations for those holding coins in overseas exchanges. The team has reduced crypto trader tax bills by tens of millions of dollars since inception in 2017.

If you want to make sure your crypto taxes are done right the first time, or if you need to amend an improperly prepared return, choose the experts at [CryptoTaxPrep.com](https://www.cryptotaxprep.com). Any investor or trader who has not included their transactions on their return are also strongly advised to amend their returns proactively before getting hit with stiff penalties, interest, and possibly fines.

Failure to comply with tax laws comes with significant repercussions. For example, underpayments attributable to virtual currency transactions may be subject to penalties, such as accuracy-related penalties under section 6662. In addition, failure to promptly or correctly report virtual currency transactions when required to do so may be subject to information reporting penalties under section 6721 and 6722.

Cryptocurrency tax returns that are filed incorrectly, whether unintentionally or not, will not fly under the IRS's radar. In November of 2018, the IRS commissioner Charles Rettig proclaimed, "Crypto is no longer cash. It is information data currency that the IRS has and will have more information about than you could ever imagine."

Using qualified help to file cryptocurrency tax returns correctly *before* IRS penalties are assessed will save taxpayers time, effort, and money in the future.

MORE INFORMATION

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Franchise Information: <https://GetHappyTax.com>

Area Representative Information: <https://GetHappyTax.com/Area-Representative>

Consumer Information: <http://HappyTax.com>

Cryptocurrency Tax & Accounting: <https://CryptoTaxPrep.com>

Small Business Bookkeeping & Accounting: <http://HappyAccounting.com>

Tax Industry Strategy Sessions: <https://youtube.com/HappyTax>

ABOUT HAPPY TAX

Shaking up the \$19 billion tax preparation industry, Happy Tax's disruptive model was born out of frustration with unreliable, under-qualified tax preparers with no licensing or certification and as little as five days of tax training. Happy Tax is designed to bridge the gap between the high-quality, personal, and convenient customer service that consumers want with accurate, reliable, and professional tax returns prepared by US-based, licensed CPAs, and tax attorneys. Happy Tax offers franchises, independent contractor relationships, and Area Representative deals for those wanting to earn additional income and build their own business. Utilizing its patent-pending technology and processes, Happy Tax partners can operate with low overhead and increased flexibility.

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