

# Crypto Taxable Events Cheat Sheet

What's taxable, what's not, and what the IRS expects you to track | Based on IRS Notice 2014-21 & Rev. Rul. 2023-14

*This cheat sheet is for general informational purposes only. It is not tax advice. Crypto tax rules are complex — your situation may differ. Consult a qualified tax professional for guidance specific to your portfolio.*

## ■ TAXABLE EVENTS — These trigger a capital gain or ordinary income

Transaction Type	Tax Treatment	Gain/Loss Calc	Key Detail
Selling crypto for USD (or other fiat)	Capital gain/loss	Sale price – cost basis	Short-term (<1 yr) = ordinary rates; Long-term (≥1 yr) = preferred rates
Trading crypto-to-crypto (BTC → ETH, etc.)	Capital gain/loss	FMV at trade – cost basis of crypto sold	Each swap is a taxable disposal — even if you never touched USD
Buying goods/services with crypto	Capital gain/loss	FMV at time of purchase – cost basis	Treated as selling crypto at FMV on that date
Staking rewards received	Ordinary income	FMV at time received	Rev. Rul. 2023-14 confirmed rewards are income when received; new cost basis = FMV at receipt
Mining rewards received	Ordinary income (+ SE tax if business)	FMV at time received	Self-employment tax applies if mining is a trade or business
Airdrops received	Ordinary income	FMV at time of receipt / dominion & control	Taxable when you have ability to transfer, sell, or dispose of the asset
Hard fork — new coins received	Ordinary income	FMV at time received	Taxable when you have dominion & control; new cost basis = FMV at receipt
DeFi yield / liquidity rewards	Ordinary income	FMV at time received	Treated same as staking rewards — each distribution is a taxable event
NFT sale (as investor)	Capital gain/loss	Sale price – cost basis (usually mint cost + gas)	Collectibles rate (28%) may apply — still unresolved for many NFTs
NFT creation & sale (as creator)	Ordinary income (+ SE tax)	Sale proceeds = income	Creator proceeds are self-employment income, not capital gains
Wrapped tokens (e.g., ETH → wETH) via third-party bridge	Likely capital gain/loss	FMV of token received – cost basis	IRS has not issued definitive guidance; most tax pros treat as taxable swap
Receiving crypto as payment for services	Ordinary income (+ SE tax if self-employed)	FMV at time of receipt	New cost basis = FMV when received; future sale triggers separate gain/loss

## ■ NOT TAXABLE — These do not trigger a gain, loss, or income event

Transaction Type	Why Not Taxable	What to Track Anyway
Buying crypto with USD	Purchasing property — not a disposal	Date, amount paid (USD), quantity received — this becomes your cost basis
Transferring crypto between your own wallets	No change in ownership — same taxpayer	Confirm both wallets are yours; keep records to prove it; track any gas fees paid
Gifting crypto (under annual exclusion)	No taxable event for giver if under annual gift limit (\$18K in 2024)	Recipient inherits your cost basis and holding period; document the gift
Donating crypto to a qualified 501(c)(3)	No capital gains tax; deduction at FMV if held >1 year	Get acknowledgment letter; report on Form 8283 if over \$500
Receiving crypto as a gift	No income at receipt	Donor's original cost basis carries over; holding period includes donor's period
Holding / HODLing	Unrealized gains are not taxable	Nothing to report until you dispose of the asset

## ■ GRAY AREAS — Unclear IRS guidance; consult a professional

Situation	Current Guidance Status	Common Treatment Used
Same-chain wrapping (e.g., ETH → stETH via Lido)	No direct IRS ruling; Jarrett case (TN 2022) disputed staking income but IRS did not concede the legal argument	Most practitioners treat as non-taxable wrapper; some treat as swap — document your position
LP token deposits & withdrawals (Uniswap, Curve, etc.)	No IRS guidance; LP tokens represent a different asset than deposited tokens	Many treat deposit as taxable swap; some defer until withdrawal — specialist software like Awaken Tax handles this
Bankrupt exchange claims (FTX, Celsius, Voyager)	IRS has provided limited guidance; Rev. Proc. 2009-39 and theft loss rules may apply under TCJA	Many practitioners claim theft loss in year funds became inaccessible; document everything and preserve records
NFT-to-NFT trades	Likely taxable as crypto-to-crypto swap; no specific NFT guidance issued	Treat as taxable disposal at FMV; report on Form 8949
DAO governance tokens received	Unclear — could be income at FMV or startup of protocol participation	Most practitioners report as ordinary income at FMV when received if tradeable
Cross-chain bridges	No specific guidance; economic substance varies by bridge mechanism	Custodial bridges often treated as taxable swap; non-custodial atomic swaps less clear

## ■ WHAT THE IRS EXPECTS YOU TO TRACK FOR EVERY TRANSACTION

REQUIRED FOR EACH TRANSACTION	WHY IT MATTERS	WHERE TO GET IT
Date of acquisition	Determines short-term vs. long-term holding period	Exchange CSV export, wallet explorer
Cost basis (USD value when acquired)	Used to calculate gain or loss on disposal	Purchase records, exchange statements, CoinMarketCap historical data
Date of disposal/sale/trade	Required on Form 8949	Exchange CSV, DeFi transaction history

REQUIRED FOR EACH TRANSACTION	WHY IT MATTERS	WHERE TO GET IT
Fair market value at disposal (USD)	Used to calculate sale proceeds	Exchange price at time of tx, CoinGecko historical
Transaction fees (gas, exchange fees)	Add to cost basis (acquisition) or reduce proceeds (disposal)	On-chain data, exchange statements
Wallet addresses involved	Proves ownership for wallet-to-wallet transfers; needed for audit trail	Block explorer (Etherscan, BscScan, etc.)
Exchange or platform used	Required for tracking and audit defense	Your own records — keep exchange account statements

**COST BASIS METHODS:** The IRS allows FIFO (first-in, first-out), HIFO (highest-in, first-out), and Specific Identification. HIFO typically minimizes taxes but requires detailed per-lot records. You must be consistent and elect your method — switching mid-year requires justification. Your crypto tax software handles this calculation, but the method you choose has a significant impact on your tax bill.

## Your crypto situation more complex than a cheat sheet covers?

We offer a \$500 flat Crypto Tax Diagnostic — we audit your full transaction history across wallets and exchanges, identify missing cost basis, flag taxable events you may have missed, and give you a written findings report before you file.

[bugaboobookkeeping.com/crypto-tax](https://bugaboobookkeeping.com/crypto-tax) | [info@bugaboobookkeeping.com](mailto:info@bugaboobookkeeping.com) | 253-353-2040