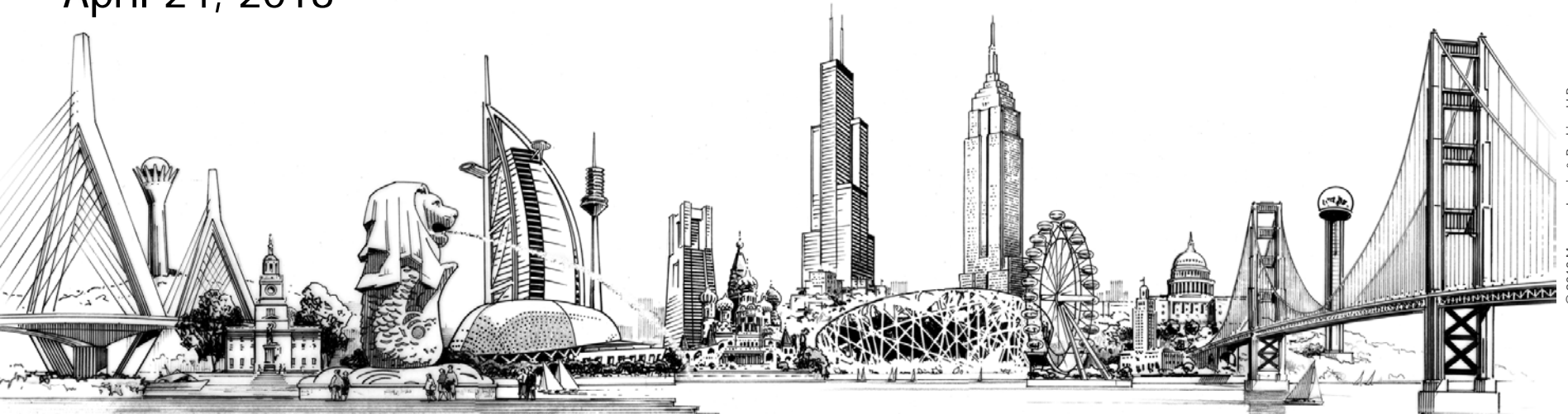


Morgan Lewis

OVERVIEW OF U.S. FEDERAL INCOME TAX IMPLICATIONS FOR CRYPTOCURRENCY PARTICIPANTS

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Agenda

- Highlights of Federal guidance addressing cryptocurrency tax issues
- IRS Notice 2014-21
- Overview of tax issues for holders of cryptocurrency
- Tax implications of “Hard Forks”
- U.S. tax considerations around Initial Coin Offerings
- Select U.S. international tax rules and cryptocurrency
- IRS enforcement efforts in the age of cryptocurrency

Quick Stats

- Exponential growth over the past 5 years
- Expanding acceptance of cryptocurrencies across industries
 - In 2017 PWC and EY started accepting payments in Bitcoin
- According to the IRS, today there are more than 1,500 known virtual currencies
- From 2013 to 2017 the EurekaHedge Crypto-Currency Fund Index saw a cumulative return of 2,152% (125% on an annualized basis)
- The IRS asserts fewer than 1,000 taxpayers reported virtual currency sales on their tax returns between 2013 and 2015

HIGHLIGHTS OF FEDERAL GUIDANCE ADDRESSING CRYPTOCURRENCY TAX ISSUES

Notice 2014-21

- Notice 2014-21 addresses how general tax principles apply to transactions involving “convertible” cryptocurrency
 - Guidance is limited in scope to “convertible” cryptocurrency
 - Guidance issued in Q&A format
 - Discussed in detail *infra*.

TIGTA Report

- The Treasury Inspector General for Tax Administration (“TIGTA”) issued 25-page report in September 2016 addressing the growth of cryptocurrencies and the then current state of IRS engagement
- The report notes that although the IRS issued Notice 2014-21, there has been little coordination between the responsible IRS functions to address potential taxpayer noncompliance
 - None of the IRS operating divisions have developed any type of compliance initiatives or guidelines for conducting investigations related to cryptocurrencies
- Third party methods of reporting taxable transactions to the IRS do not separately identify cryptocurrency transactions
- IRS should develop a cryptocurrency strategy with goals and a timeline for implementation
- IRS should revise third-party information reporting documents to identify cryptocurrency transactions and the amounts at issue

Coinbase Summons

- November 17, 2016 the Department of Justice petitioned for the issuance of John Doe summons to examine Coinbase records for information related to any U.S. taxpayers conducting transactions in virtual currency during the years ended December 31, 2013 through December 31, 2015
- Discussed in detail *infra*.

SEC View

- In July of 2017 the SEC issued an investigative report cautioning market participants that offers and sales of digital assets by "virtual" organizations are subject to the requirements of the federal securities laws.
 - Such offers and sales, conducted by organizations using distributed ledger or blockchain technology, have been referred to, among other things, as "Initial Coin Offerings" or "Token Sales."
- SEC noted that each offering is subject to a facts and circumstances test to determine if the securities laws are implicated: "Whether a particular investment transaction involves the offer or sale of a security – regardless of the terminology or technology used – will depend on the facts and circumstances, including the economic realities of the transaction."
- DAO tokens determined to be securities because token holders could share in the profits of the enterprise derived from managerial efforts of third parties (the founder and "curators")

IRS March 2018 “Reminder”

- IR-2018-71: IRS Reminds Taxpayers to Report Virtual Currency Transactions
 - On March 23, 2018, the IRS issued its short “reminder” to taxpayers as the April filing deadline for 2017 approached
 - “Virtual currency transactions are taxable by law just like transactions in any other property.”
 - Outlined guidance set forth in Notice 2014-21



IRS NOTICE 2014-21

Notice 2014-21

- Notice 2014-21 addresses how general U.S. tax principles apply to transactions involving “convertible” cryptocurrency
 - Guidance issued in Q&A format
 - Addresses a fairly broad range of tax scenarios, but is not comprehensive
 - Important limitation: the guidance outlined in the Notice is limited in scope to “convertible” cryptocurrency, which is defined in the Notice as a virtual currency that has a value in real currency or acts as a substitute for a real currency:

“Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as a ‘convertible’ virtual currency.”
 - Treasury and IRS requested comments from the public regarding other types or tax aspects of cryptocurrency transactions that should be addressed in future guidance

Notice 2014-21

- Key federal tax principles from Notice 2014-21:
 - Convertible cryptocurrency is treated as property for U.S. federal income tax purposes
 - General tax principles applicable to property transactions apply to transactions using cryptocurrency
 - Cryptocurrency is not a “foreign currency” for U.S. tax purposes
 - Transactions involving cryptocurrency must be reported in U.S. dollars



Notice 2014-21

- Notice 2014-21 guidance highlights:
 - Receipt of cryptocurrency as payment for goods or services
 - Taxpayer must, in computing gross income, include the fair market value of the cryptocurrency measured in U.S. dollars, as of the date of receipt
 - The taxpayer's basis in the cryptocurrency is the same fair market value amount, measured in U.S. dollars
 - Exchange of cryptocurrency for other property
 - Taxpayer realizes gain or loss based on difference of the tax basis (or bases) of the exchanged cryptocurrency and the fair market value of the acquired property (note assumption of equal value exchange)
 - The gain/loss is capital or ordinary based on whether the cryptocurrency is a capital asset in the hands of the taxpayer

Notice 2014-21

- Notice 2014-21 guidance highlights, cont.:
 - Taxpayers who “mine” cryptocurrency
 - Realize gross income upon the receipt of the cryptocurrency from the mining efforts
 - Amount included in gross income is determined based on the fair market value of the cryptocurrency that is received
 - Tax basis established on that date, and holding period starts
 - If a taxpayer’s mining of cryptocurrency constitutes a trade or business (not a hobby), and is not undertaken as an employee, the net earnings constitute self-employment income and are subject to self-employment tax
 - Cryptocurrency received by an independent contractor for performing services (such as mining) are subject to self-employment tax

Notice 2014-21

- Notice 2014-21 guidance highlights, cont.:
 - Cryptocurrency paid to employees
 - Cryptocurrency paid by an employer for services performed by an employee constitute constitutes “wages” for tax purposes
 - Cryptocurrency wages are subject to federal income tax withholding, Federal Insurance Contributions Act (“FICA”) tax, and Federal Unemployment Tax Act (“FUTA”) tax, and must be reported on Form W-2; all measured based on the fair market value of the cryptocurrency when paid to the employee
 - Cryptocurrency and information reporting requirements and withholding
 - Payments made using cryptocurrency are subject to IRS information reporting requirements and potential withholding
 - For example, payments of \$600 or more to an independent contractor during any year must be reported to the payee and IRS on Form 1099-MISC
 - Backup withholding rules apply

BASIS, HOLDING AND CHARACTER ISSUES FOR OWNERS OF CRYPTOCURRENCY

Basis Issues

- Each bitcoin owned by a taxpayer has a unique and separate tax basis
- A taxpayer's "adjusted basis" in property is used to determining taxable gain or loss on the disposition (by trade or sale) of the property.
- In the case of cryptocurrency the taxpayer's adjusted tax basis will generally equal the U.S. dollars value of the cash, property, or services exchanged for the cryptocurrency
 - Cash
 - FMV

Tracing Coin Sales in a Portfolio

- Because cryptocurrency is not currently characterized as a security for tax purposes, the default rule for sales of separate assets is specific identification pursuant to § 1012 and the regulations issued thereunder – tracing each sale to a particular coin and calculating gain based on the tax basis associated with such coin
 - Difficult where multiple purchases/acquisitions are made over time
 - Does provide greater flexibility in terms of minimizing gains (sell high basis first) and losses
 - Consider potential to segregate purchases in separate accounts if taxpayer intends to rely on separate tracing to calculate gain/losses
 - Treas. Reg. § 1.1012-1(c) contains a specific stock rule that defaults to FIFO method where taxpayer fails to specifically identify shares that are sold
- Alternative of applying FIFO, LIFO or average weighted basis approach

Character

- Character of any gain or loss from the sale or exchange of virtual currency depends on whether the virtual currency is a capital asset in the hands of the particular taxpayer
- Section 1221 provides the term “capital asset” means property held by a taxpayer, and then excludes a number of categories, including “property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business”

Short-Term vs. Long-Term Capital Gains/Losses

- One-year rule of § 1222:
 - Short term capital gain/loss is triggered with respect to the disposition of any capital asset held by the taxpayer for one year or less
 - Long term capital gain/loss is triggered with respect to the disposition of any capital asset held by the taxpayer for greater than one year
- Wash Sales Rule of § 1091
 - Prohibit a taxpayer from claiming a § 165 loss on the sale or exchange of a security where the taxpayer disposes of a security at a loss and then buys a “substantially identical” security 30 days prior to, or 30 day after, the loss triggering disposition.
 - Based on the current IRS position regarding the characterization of cryptocurrency, the § 1091 wash sales rules should not apply (at least with respect to convertible cryptocurrencies)

Section 1031 Like-Kind Exchanges

- Section 1031 permits taxpayers to exchange property for “like kind” property within 180 days without triggering a taxable event
 - Potential arguments that pre-January 1, 2018, exchanges of one type cryptocurrency for a different cryptocurrency qualify as a “like kind” exchange subject to § 1031
 - “Properties are of like-kind, if they are of the same nature or character, even if they differ in grade or quality. Personal properties of a like class are like-kind properties. However, livestock of different sexes are not like-kind properties. Also, personal property used predominantly in the United States and personal property used predominantly outside the United States are not like-kind properties.” www.irs.gov
 - IRS Form 8824
- Tax Reform amended § 1031 to limit its application to exchanges of real property – effective for exchanges completed or after January 1, 2018

TAX IMPLICATIONS OF CRYPTOCURRENCY "HARD FORKS"

What is a “Hard Fork”?

- What is a cryptocurrency “hard fork”?
 - Also referred to as “chain splits” and “coin splits”
 - A change to the software of the digital currency that creates two separate versions of the blockchain with a shared history
 - When a hard fork occurs, a new “branch” splits from the original ledger and thereafter the two ledgers (the original and new) are separately maintained
 - After a hard fork, the owner of the cryptocurrency retains his ownership of the original coin and obtains the right to separately use the new forked coin



What is a “Hard Fork”?

- Why are there hard forks?
 - Multiple range of reasons
 - In 2016 the Ethereum blockchain was split into two, Classic Ethereum and Ethereum in response to a hacking attack that impacted the original ledger
 - In 2017 Bitcoin split into Bitcoin (BTC) and Bitcoin Cash (BCH)
 - Other examples in 2017 include: Bitcoin Gold, Bitcoin Diamond, and Superbitcoin, Bitcoin Hot, and Lightning Bitcoin



Hard Fork Tax Issues

- ABA Comment Letter (March 19, 2018) raised a number of tax issues associated with cryptocurrency hard forks
 - Are hard forks a tax realization event?
 - Timing of realization
 - Basis issues



Hard Fork Tax Issues

- Is a hard fork a tax realization event?
 - U.S. federal tax law applies a very broad definition of gross income. In *Commissioner v. Glenshaw Glass*, the Supreme Court defined “gross income” as “instances of undeniable accessions to wealth, clearly realized, and over which the taxpayers have complete dominion,” reflecting Congress’ intent to tax all gains except those specifically exempted. 348 U.S. 426 (1955).



Hard Fork Tax Issues

- Is a hard fork a tax realization event, cont.
 - The Supreme Court in *Eisner v. Macomber*, addressed whether a pro-rata stock dividend paid to the common shareholders of a corporation constituted income. 252 U.S. 189 (1920). Concluding the stock dividend did not constitute income, the Supreme Court distinguished between: (i) “gain derived from capital”; from (ii) unrealized “gain accruing to capital or a growth or increment of value in the investment.”
 - According to the Supreme Court, the stock dividend in issue was growth in value of the original investment and not a taxable distribution – the shareholder did not receive a distribution out of the corporation’s assets, and there was no change in the corporation’s assets or liabilities.
 - In short, there was no change in the shareholder’s investment, just the receipt of an additional piece of paper reflecting his investment in the company.

Hard Fork Tax Issues

- Is a hard fork a tax realization event, cont.
 - On one hand it can be argued that forked coins are similar to the issuance of shares in *Macomber*, the forked coin simply represents an increase in the value of the original ledger;
 - On the other hand, it can be argued that a forked coin is the issuance of a new and independent asset (as evidenced by the creation of a new ledger) that has independent value that removed/separated from the original ledger
 - ABA comment letter concludes “a reasonable argument can be made that the receipt of a forked coin resulting from a Hard Fork constitutes a realization [taxable] event.”

Hard Fork Tax Issues

- Is a hard fork a tax realization event, cont.
 - Not all tax advisors agree with the ABA's conclusion regarding realization
 - Argument that the potential for hard forks are inherent in cryptocurrency assets and the buyer acquires that right/attribute of a hard fork when the coin is first sold.
 - The receipt of the hard forked coin is not a realization event – only the sale of such coin triggers a taxable event.



Hard Fork Tax Issues

- The timing of realization
 - ABA asserts the timing of realization should occur when the taxpayer has the right to secure the forked coin (the taxpayer can't delay realization by failing to take action to download the new forked coin – constructive receipt)
- Amount realized
 - ABA notes that the amount realized is the FMV of the forked coin when received by the taxpayer
 - Acknowledges that determining FMV is not always easy
- Basis of original and forked coins
 - Split proportionately based on the relative FMVs of the two coins at the time of the hard fork

Hard Fork Tax Issues

- ABA safe harbor proposal. ABA suggested the IRS should issue guidance that:
 - Recognizes a hard fork is a taxable event for the owner of the original coin
 - The deemed value of the forked coin at the time of realization event is zero, as is the tax basis in the forked coin
 - The holding period of the forked coin would start on the day of the hard fork
 - Taxpayers electing the safe harbor treatment would be required to disclose the position on their tax returns
 - The Service will not assert that any taxpayer availing himself of the safe harbor understated his taxes with respect to the hard fork event (any subsequent sale of the forked coin is not covered by the safe harbor)

U.S. TAX CONSIDERATIONS FOR INITIAL COIN OFFERINGS

Initial Coin Offerings

- Initial Coin Offerings (“ICO”)
 - Explosive growth in 2017 and continuing into 2018
 - Pace of 100+ ICOs per month during 2018
 - An ICO involves the issuance of a newly generated cryptocurrency (referred to as a “token”) that runs on blockchain
 - Disruptive challenge to VC and angel investors
 - Tokens are typically issued in exchange for a fiat currency (e.g., \$ or €) or other cryptocurrencies that have an established market
- Types of Tokens
 - “Utility tokens” provide the holder with access to the blockchain platform, products, and/or services
 - “Security tokens” provide the holder with equity or debt-like rights to an entity



Initial Coin Offerings

- The taxation of ICOs for the issuing entity is unclear, and until further guidance is issued by the IRS, dependent on a facts-and-circumstances analysis in each instance
 - Each ICO tends to be different, which makes tax generalizations risky
- Pursuant to Notice 2014-21, cryptocurrency is property. The general tax rule is that the receipt of cash or other valuable property in exchange for the sale of a token by a taxpayer is taxable.
 - Receipt of ICO proceeds are treated as a sale of property in which the issuer has zero tax basis
 - All taxable gain realized in the year of the ICO
 - Unlikely to qualify as a capital asset, as such all proceeds likely ordinary income

Initial Coin Offerings

- Can a security token be structured to qualify as stock or debt?
 - Unclear – turns on application of debt/equity analysis
 - Section 1032(a) generally provides that no taxable gain or loss shall be recognized to a corporation on the receipt of money or other property in exchange for stock (including treasury stock) of such corporation.
 - The issuance of a debt instrument is not a taxable event
 - Other theories? Arguments that a token issuance is analogous to a PSL?
 - PLR 201722004 (ruling sale of redeemable personal seat licenses (“PSLs”) by a professional sports team did not result in immediate income for the team).
- Characterization of Utility tokens?
 - Unlikely to qualify as a stock or debt for tax purposes
 - PSL arguments?

Initial Coin Offerings

- Tax Implications for Purchasers
 - Purchase of tokens with U.S. dollars is not a taxable event for a U.S. taxpayer
 - Purchase of tokens with cryptocurrency taxable event with gain/loss measured based on the purchaser's tax basis (or bases) in the cryptocurrency used in the exchange
 - Consider § 1031 for pre-2018 transactions
 - Taxpayer's basis in the newly acquired token will be the purchase price (if fiat currency used) or FMV of property exchanged
 - Later use of the token by the purchaser to acquire other property or a service would separately give rise to a taxable event (triggering gain or loss based on the AB of the cryptocurrency compared to the they FMV of the cryptocurrency)

Initial Coin Offerings

- Simple Agreement for Future Tokens (or Equity) (“SAFTE”)
 - Used by numerous companies to raise funds prior to a token offering
 - Based on the Y Combinator model Simple Agreement for Future Equity (“SAFE”)
 - Intended tax characterization is to defer the recognition of taxable income with respect to the funds paid to SAFTE issuer until the time the tokens are issued (presumably in a different tax year)
 - Intended deferral is not certain; depends on terms of SAFTE agreement

SELECT U.S. INTERNATIONAL TAX RULES AND CRYPTOCURRENCY

U.S. International Rules and Cryptocurrencies

- As demonstrated by Notice 2014-21, cryptocurrencies are subject to the full range of U.S. federal income tax laws
- This general approach to the application of the U.S. tax laws does not change in the international setting
- The following slides provide a couple of examples where the U.S. international provisions could come into play with cryptocurrency transactions
 - These slides are not intended to provide a comprehensive discussion of the U.S. international tax considerations with cryptocurrency transactions

Subpart F and GILTI

- Buying/selling cryptocurrencies and ICOs carried out by foreign corporations raise important U.S. tax considerations for U.S. shareholder(s)
- Need to manage the U.S. Subpart F anti-deferral provisions and the new § 951A tax on Global Intangible Low Taxed Income (“GILTI”)
 - Applicable to “U.S. shareholders” of controlled foreign corporations (“CFCs”)
 - U.S. shareholder defined as shareholder who owns, or is considered as owning, stock representing 10% or more vote or value of the foreign corporation
 - CFC status triggered where U.S. shareholders own >50% of the vote or value of the foreign corporation
 - Established case law addressing substance over form in testing U.S. shareholder and CFC status – consider in context of “cutting edge” structures to avoid CFC and/or U.S. shareholder status (e.g., “Cayman Foundation” structures)
- Consider PFIC for shareholders not subject to CFC/GILTI provisions

Section 864(b) Safe Harbor?

- Section 864(b) provides foreign investors an important exception from the definition of “U.S. trade or business” where investment activities are performed in the U.S.
 - Exception applies where the activities are limited to trading in stocks, securities, and commodities on the taxpayer’s own account
 - Important exception for situations where a foreign investor is a partner in an investment partnership with operations in the U.S.
- Because cryptocurrency is currently not considered a stock, security, or commodity for U.S. federal income tax purposes – at least with respect to “convertible” cryptocurrencies – a foreign investor with exposure to cryptocurrency through an investment partnership with operations in the U.S. could be subject to U.S. taxation on gains realized (and filing obligations)

Cross-Border Mining Pools

- Is a mining pool characterized as a partnership for U.S. tax purposes?
- If the mining pool involves participants in multiple jurisdictions:
 - Do pool participants trigger “Permanent Establishments” in one or more jurisdictions for the joint venture?
 - Is there a withholding obligation when the proceeds are distributed to the pool participants?

IRS ENFORCEMENT EFFORTS IN THE AGE OF CRYPTOCURRENCY

Winning Enforcement Formula

OFFSHORE INCOME

- Estimated at over \$100 billion
- IRS lacked financial resources to track it down

CRYPTOCURRENCY INCOME

- Estimated at over \$25 billion for 2017
- Less than 1,000 taxpayers reported virtual currency transaction (2014-15)
- IRS lacks financial resources to track it down

Winning Enforcement Formula



SINCE 2010, IRS HAS HAD ITS BUDGET SLASHED BY 20% -- FEWER AGENTS, INVESTIGATIONS, CONVICTIONS BUT GREATER RESPONSIBILITIES

Winning Enforcement Formula

OFFSHORE INCOME

THIRD PARTIES

+

TAXPAYERS

+

LEGISLATION

=

\$ \$ \$ \$ \$ \$ \$ \$

Winning Enforcement Formula

OFFSHORE INCOME

THIRD PARTIES

(Foreign Banks, John Doe Summons,
Swiss Bank Program)

+

TAXPAYERS

(OVDP, Criminal Prosecutions)

+

LEGISLATION

(FATCA)

=

\$\$\$\$\$\$\$\$

(Over \$10 billion)

Winning Enforcement Formula

CRYPTOCURRENCY

THIRD PARTIES

(Virtual Currency Exchanger, John Doe
Summons)

+

TAXPAYERS

(VCVDP?, Criminal Prosecutions)

+

LEGISLATION

(VCC?, Form 1099-VC?)

=

\$\$\$\$\$\$\$\$

(???)

THIRD PARTIES

TARGETS: FOREIGN BANKS

TOOLS: JOHN DOE SUMMONS

Winning Enforcement Formula

JOHN DOE SUMMONS

- Does Not Identify a Particular U.S. Taxpayer but a Class of U.S. Taxpayers That Fall Within a Certain Group That May Have Committed Tax Fraud or Tax Evasion
- Defined within a Certain Time Period

Winning Enforcement Formula

JOHN DOE SUMMONS – Offshore Income

- UBS (2008)
- Over 4,000 accounts of U.S. taxpayers turned over
- Deferred Prosecution Agreement with \$780 Million Fine
- Swiss Bank Program with over 75 Swiss Banks participating

Winning Enforcement Formula

JOHN DOE SUMMONS – Cryptocurrency

- Coinbase (Nov. 2016)
- Largest U.S. Cryptocurrency Exchanger
- Initially Sought Info on Millions of VC Accounts from 2013-2015
- Court Ordered Coinbase to Provide Records on 14,355 Account Holders Involving 8.9 Million Transactions (Nov. 2017)

Winning Enforcement Formula

JOHN DOE SUMMONS – Cryptocurrency

Principal Deputy Assistant Attorney General Caroline D. Ciraolo, head of the Justice Department's Tax Division, warned taxpayers about what was coming:

“Tools like the John Doe summons authorized today send the clear message to U.S. taxpayers that whatever form of currency they use – bitcoin or traditional dollars and cents – we will work to ensure that they are fully reporting their income and paying their fair share of taxes.”

Winning Enforcement Formula

JOHN DOE SUMMONS – Cryptocurrency

Treasury Secretary Steven Mnuchin stated:

“If you have a wallet to own bitcoins, that company has the same obligation as a bank to know [you as a customer] . . . We can track those activities. The rest of the world doesn’t have that, so one of the things we will be working very closely with the G-20 is making sure that this doesn’t become the Swiss bank account.”

TAXPAYERS

INCENTIVES + DETERRENCE

Winning Enforcement Formula



+



Winning Enforcement Formula



OFFSHORE VOLUNTARY DISCLOSURE PROGRAM (OVDP)

- March 2009 – September 28, 2018
- Offer Criminal Amnesty
- File 8 years of Amended Tax Returns, FBARs, other tax forms
- Pay Tax, 20% Accuracy Penalty, Interest
- Pay 20% or 25% or 27.5% or 50% FBAR Penalty

Winning Enforcement Formula



OFFSHORE VOLUNTARY DISCLOSURE PROGRAM (OVDP)

- Over 100,000 Taxpayers Enrolled
- Over \$10 Billion Collected

Winning Enforcement Formula



VIRTUAL CURRENCY DISCLOSURE PROGRAM (VCDP)

- Criminal Amnesty
- Amend Tax Returns, Accuracy Penalty, Interest

Winning Enforcement Formula



OFFSHORE INCOME --CRIMINAL PROSECUTIONS

- Over 100 Taxpayers, Financial Intermediaries, Bankers Criminally Prosecuted
- Sentences from Probation to Years in Jail, Press Release Galore
- 50% FBAR Penalties
- Nationwide Enforcement

Winning Enforcement Formula

CRYPTOCURRENCY – CRIMINAL PROSECUTIONS



- Nationwide Sweep of Taxpayers, Accountants, VC Exchangers
- Egregious Cases (e.g., High-Profile Taxpayers, Significant Dollars and Transactions, Criminal History, Foreign Accounts, Nominees, Pattern of Misconduct)
- High Civil Penalties
- And

Winning Enforcement Formula



CRYPTOCURRENCY – CRIMINAL PROSECUTIONS



Winning Enforcement Formula

LEGISLATION

OFFSHORE INCOME -- FATCA

- Foreign Account Tax Compliance Act (FATCA) – passed in 2010
- Leverage Third Party Foreign Banks to Do the IRS Information Collection Work
- 100s Agreements with Foreign Financial Institutions
- Over 50 Inter-Governmental Agreements
- Huge Amount of Information to IRS

Winning Enforcement Formula

LEGISLATION

CRYPTOCURRENCY – VCTCA

- Virtual Currency Tax Compliance Act (VCTCA)
- Leverage Third Parties (Domestic and Foreign) to Do the IRS Information Collection Work
- Form 1099-VC – for Virtual Currency Transactions Greater than \$_____
- Huge Amount of Information to IRS

LEGISLATION

CRYPTOCURRENCY – VCC

- Virtual Currency Commission (VCC)
- Given Broad Jurisdiction over Virtual Currency Transactions, Exchangers, Etc.
- SEC (1934); CFTC (1974); FinCEN (1990)
- “Security” vs. “Commodity” vs. “Convertible Virtual Currency” vs. “Property”
- National Standard for KYC, AML, Licensing of Exchanges

Biography



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Biography



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Biography



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