

CC-2020-003

October 22, 2019

Subject: Procedures for Coordination of Cases
Involving Virtual Currency

Cancel Date: Until further notice

Purpose

This Notice alerts Chief Counsel attorneys to procedures for working and coordinating cases with issues involving virtual currency, including digital assets, digital currency, crypto-assets, and cryptocurrency. These cases may involve information received from various third-party sources, such as information returns, and information received from a summons of a virtual currency exchange. They may involve a request for advice from the Service on title 26 or title 31 (Bank Secrecy Act) audits or cases in litigation.

Background

In Notice 2014-21, 2014-16 I.R.B. 938, the IRS concluded that, for Federal income tax purposes, virtual currency is treated as property. In that Notice, the IRS used the term “virtual currency” as a general term to mean a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value. The IRS uses the term virtual currency broadly to include all digital representations of value not issued by a government that function as a medium of exchange, a unit of account, or a store of value. A unit of virtual currency may have an equivalent value in U.S. dollars or a foreign currency (that is, the coin and paper money of a foreign country that is designated as legal tender, circulates, and is customarily used and accepted as a medium of issuance or exchange) or may only be exchanged for other property or services. In light of the evolving technology and terminology concerning virtual currency, this Notice applies to all virtual currency existing now or created in the future, including digital assets, digital currency, crypto-assets, and cryptocurrency.

Case Tracking and Coordination

The aspect code VIRCUR must be used for all Workload Items for all cases involving virtual currency.

Issues that involve virtual currency that are not addressed by Notice 2014-21 or other public guidance, and that involve novel issues or issues likely to attract national attention should be coordinated with the National Office. CCDM Exhibits 31.1.1-1 and 35.11.1-1 are being revised accordingly.

In addition, the following individuals may be contacted concerning virtual currency issues or cases within the jurisdiction of their respective offices:

Distribute to:	Tax Litigation staff	Tax Litigation staff & Support personnel
	X All Personnel	Electronic Reading Room
Filename:	CC-2020-003	File copy in: CC:FM:PFD
