



# DIGITAL ASSETS INITIATIVE

Department of the Treasury – Internal Revenue Service  
As of May 2023

## EXECUTIVE SUMMARY

Digital assets are defined in the Internal Revenue Code as digital representations of value which are recorded on a cryptographically secured distributed ledger, such as a blockchain, or any similar technology specified by the Secretary. The use of digital assets has grown in recent years. Accordingly, the IRS must have a coordinated and strategic response for this asset class. The IRS's Digital Assets Initiative (DAI) team will lead those efforts.

## FOCUS AREAS

The DAI serves, in large part, as a centralized resource for the IRS business operating divisions to ensure collaboration and consistency in the IRS's approach to digital assets. The IRS, including the DAI, has four primary focus areas relating to digital assets: communication, taxpayer and staff education, guidance and implementation, and community liaisons.

### COMMUNICATIONS



The IRS engages with taxpayers regarding digital asset activity through several mediums, including IRS.gov, social media platforms, and appearances at public conferences.

### TAXPAYER & STAFF EDUCATION



The DAI is focused on IRS staff education to ensure consistent treatment of digital asset transactions throughout the agency. The DAI also is focused on taxpayer education to increase voluntary tax compliance in connection with digital asset transactions. These goals can be achieved through effective staff training, taxpayer engagement and providing clear guidance.

### COMMUNITY LIAISONS



The IRS continues to nurture and develop relationships with the digital asset industry and other federal agencies. Additionally, the IRS engages with the Organization for Economic Cooperation and Development (OECD) to support the Crypto-Asset Reporting Framework (CARF), and participates in other international meetings, such as the J5 and bilateral meetings organized through the Joint International Taskforce on Shared Intelligence and Collaboration.

### GUIDANCE & IMPLEMENTATION



Because digital assets are generally treated as property for federal income tax purposes, and because federal tax principles applicable to property transactions generally apply to digital asset transactions, clear and effective guidance is needed. The DAI continues to assist in the development and implementation of regulatory and sub-regulatory guidance on a variety of digital asset issues. Future guidance related to information reporting of digital asset transactions, based on the requirements enacted by the Infrastructure Investment and Jobs Act (IIJA), is anticipated.

For more information about our work on Digital Assets, please visit our website here:

