

GUIDE TO

CRYPTO TAX OPTIMIZATION

FOR YOUR BUSINESS

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WITH NEW IRS REGULATIONS
EFFECTIVE JANUARY 1, 2025, THE
CRYPTO TAX LANDSCAPE IS
UNDERGOING SIGNIFICANT CHANGES.

THIS GUIDE PROVIDES ACTIONABLE
STRATEGIES TO MINIMIZE TAX
LIABILITIES, ENSURE COMPLIANCE, AND
OPTIMIZE YOUR FINANCIAL
PERFORMANCE.

ADVANCED TAX-LOSS HARVESTING STRATEGIES

WHAT IS TAX-LOSS HARVESTING?

TAX-LOSS HARVESTING INVOLVES SELLING DIGITAL ASSETS AT A LOSS TO OFFSET TAXABLE GAINS, REDUCING OVERALL TAX LIABILITY.

KEY STRATEGIES FOR 2025

Strategic Timing

Identify underperforming assets and align their sale with profitable gains to maximize offsets.

Watch for Potential Wash Sale Rules

While not currently applied to crypto, proposed legislation may enforce wash sale rules in the near future.

Portfolio Diversification

Reinvest proceeds from sold assets into different tokens to maintain market exposure while adhering to compliance.

Note

Tools like Koinly and CoinLedger can help track transactions and identify loss-harvesting opportunities.

MAXIMIZING DEDUCTIONS UNIQUE TO CRYPTO BUSINESSES

ELIGIBLE DEDUCTIONS FOR CRYPTO BUSINESSES

Operational Costs

Deduct expenses for mining rigs, staking infrastructure, transaction fees, and wallet security solutions.

Research & Development (R&D)

Claim R&D tax credits for blockchain development and other innovations.

Salaries and Payments in Crypto

Deduct payroll expenses paid in cryptocurrency, valued at the fair market rate at the time of payment.

Note

Keep detailed records of all expenses, receipts, and valuation reports to substantiate your claims during audits.

NAVIGATING THE IRS WALLET-BY-WALLET COST BASIS RULES

WHAT'S CHANGING IN 2025?

THE IRS NOW REQUIRES WALLET-BY-WALLET COST BASIS TRACKING. THIS MEANS EACH WALLET'S TRANSACTIONS MUST BE RECORDED AND REPORTED INDIVIDUALLY.

STEPS TO STAY COMPLIANT

1. Track Every Transaction

Record deposits, withdrawals, and transfers for each wallet.

2. Assign Specific Identification

Use tools like Cryptio or TaxBit to assign specific cost bases for optimal tax outcomes.

3. Complete Cost Basis Allocations

Ensure all unattached bases are reconciled before the January 1, 2025, compliance deadline.

Note

Automate your reporting with software to reduce errors and save time.

LEVERAGING CRYPTO DONATIONS FOR TAX BENEFITS

WHY DONATE CRYPTO?

CRYPTO DONATIONS PROVIDE A DUAL BENEFIT:

Tax Deduction

Claim a charitable deduction equal to the fair market value if the asset has been held for more than a year.

Avoid Capital Gains

Donating appreciated crypto helps avoid capital gains taxes that would otherwise apply if sold.

STEPS TO MAXIMIZE BENEFITS

1. Choose Qualified Charities

Confirm the organization is tax-exempt.

2. Get an Appraisal

For donations over \$5,000, a qualified appraisal is required.

3. Keep Records

Document transaction details, including wallet addresses, donation dates, and valuations.

Note

Platforms like The Giving Block simplify crypto donations and ensure compliance.

CONCLUSION

The new IRS regulations demand a proactive approach to tax planning for crypto businesses. By adopting these strategies, you can reduce your tax liabilities, optimize your financial health, and remain compliant in an evolving regulatory landscape.

2025 CRYPTO TAX CHECKLIST

	Organize transaction records by wallet.
	Use crypto tax software to calculate gains and losses.
	Review eligible business deductions.
	Plan for tax-loss harvesting opportunities.
	Stay informed on IRS updates and new regulations.
	Consult with a crypto-savvy tax professional for expert guidance.