

About Virtual Currency and Scope

Virtual currency, or cryptocurrency, is a type of unregulated digital currency which is issued and usually controlled by its developers and is used and accepted among the members of a specific virtual community. Prominent examples of virtual currency include Bitcoin and Ethereum.

The IRS treats convertible virtual currencies as property and not as currency. Any income from virtual currency or in virtual currency — whether due to selling at a profit or receiving a digital asset for work performed — must be reported to the IRS on a tax return.

Limited Purchase of Virtual Currency Using Cash or Other Traditional Currency Is In Scope for VITA

If the only virtual currency transaction during the tax year was the purchase of virtual currency using cash or other standard currency, the tax return is in scope for VITA. No documentation is required and the purchase is not part of the tax return. The taxpayer is not required to answer “Yes” to this question in the Personal Information section of TaxSlayer.

- Taxpayer was over age 18 and a full-time student at an eligible educational institution.
- Taxpayer is blind.
- Taxpayer is deceased.
- Taxpayer wishes to contribute \$3 to the Presidential Election Campaign Fund.
- Taxpayer or Spouse served in a combat zone during the current tax year.
- Taxpayer was a nonresident alien for any part of the year.
- Taxpayer wishes to elect to use their 2019 earned income to figure their 2021 earned income credit and/or child tax credit.
- Taxpayer was affected by a natural disaster during the current tax year.
- Taxpayer has received, sold, sent, exchanged, or otherwise acquired financial interest in virtual currency during the current tax year.
- Taxpayer prefers to receive written communications from the IRS in a language other than English.
- Taxpayer prefers to receive written communications from the IRS in an accessible format.

All Other Virtual Currency Transactions Are Out of Scope for VITA

Virtual currency transactions must be included on a tax return and include these circumstances:

- Payment for goods or services made in virtual currency to a taxpayer who is not considered an employee (and is reported on **Schedule C of Form 1040**)
- A capital gain or loss when virtual currency is traded or sold for actual currency or another virtual currency (and is reported on **Schedule D of Form 1040**).

1 13614-C

Check appropriate box for each question in each section

Yes	No	Unsure	Part III – Income – Last Year, Did You (or Your Spouse) Receive
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. (B) Wages or Salary? (Form W-2) If yes, how many jobs did you have last year? _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. (A) Tip Income?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. (B) Scholarships? (Forms W-2, 1098-T)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. (B) Interest/Dividends from: checking/savings accounts, bonds, CDs, brokerage? (Forms 1099-INT, 1099-DIV)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. (B) Refund of state/local income taxes? (Form 1099-G)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. (B) Alimony income or separate maintenance payments?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. (A) Self-Employment income? (Form 1099-MISC, 1099-NEC, cash, virtual currency, or other property or services)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. (A) Cash/check/virtual currency payments, or other property or services for any work performed not reported on Forms W-2 or 1099?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. (A) Income (or loss) from the sale or exchange of Stocks, Bonds, Virtual Currency or Real Estate? (including your home) (Forms 1099-S, 1099-B)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. (B) Disability income? (such as payments from insurance, or workers compensation) (Forms 1099-R, W-2)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. (A) Retirement income or payments from Pensions, Annuities, and or IRA? (Form 1099-R)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. (B) Unemployment Compensation? (Form 1099G)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. (B) Social Security or Railroad Retirement Benefits? (Forms SSA-1099, RRB-1099)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. (M) Income (or loss) from Rental Property?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. (B) Other income? (gambling, lottery, prizes, awards, jury duty, virtual currency, Sch K-1, royalties, foreign income, other property or services, etc.) Specify _____

IRS Form 13614-C Intake/Interview & Quality Review Sheet

FC cannot prepare any return containing virtual currency transactions. The Special Tax Services (STS) team also does not accept returns containing virtual currency transactions.

Refer the client to the **We Cannot Prepare Your Return** handout [[English](#)] [[Spanish](#)].