



Digital Asset Update: Stablecoins, Taxes, and More

SJSU MST Webinar

August 29, 2025

Seoyoung Kim, PhD
Professor
Santa Clara University

Sean McElroy
Associate
Fenwick

Taylor Reid
Digital Assets and Tax
Policy Advisor

Yu-Ting Wang, CPA
Tax Partner
Dello PC

Agenda

- FinCEN and DOL recent developments
- Non-Tax Crypto Legislation
 - GENIUS Act
 - CLARITY Act
- Crypto Tax Priorities
 - Mining and Staking
 - Stablecoins
 - Other Potential Tax Regulation and Legislation
- Tips for Getting You and Your Clients Ready for New Basis Rules and Forms 1099-DA for 2025
- Q&A

FinCEN Notice FIN-2025-NTC1 on Use of Convertible Virtual Currency Kiosks for Scam Payments and Other Illicit Activity (8/4/25)

- “[Notice](#) provides an overview of typologies associated with illicit activity involving CVC kiosks. In particular, it highlights the rise in scam payments facilitated by CVC kiosks, including tech and customer support scams and bank imposter scams. Some of these scams disproportionately impact older adults. The Notice highlights red flag indicators and reminds financial institutions of their reporting requirements under the BSA.”
- “While CVC kiosks can be a simple and convenient way for consumers to access CVC, scammers and other illicit actors can also exploit their simplicity and convenience.”
- FBI reports victim losses of about \$247 million in 2024.
- <https://www.fincen.gov/news/news-releases/fincen-issues-notice-use-convertible-virtual-currency-kiosks-scam-payments-and>

3

Dept. of Labor – 401(k) Plans and Crypto – Compliance Assistance Release No. 2025-01 (5/28/25)

- Rescinds Compliance Assistance Release No. 2022-01 on this topic released 3/10/22 which called for plan fiduciaries to exercise “extreme care” before adding crypto to 401(k) plan investments.
- May 2025 release calls for neutral approach to investment types and strategies.
 - “When evaluating any particular investment type, a plan fiduciary's decision should consider all relevant facts and circumstances and will "necessarily be context specific.”
- <https://www.dol.gov/agencies/ebsa/employers-and-advisers/plan-administration-and-compliance/compliance-assistance-releases/2025-01>

4

Some Senators Object to DOL Change in Stance

- Note “extreme volatility” of cryptocurrency market making it “unfit to serve as a retirement investment tool.”
 - Observe that Bitcoin value dropped 10% when President Trump announced Liberation Day tariffs.
 - 6/13/25 [press release](#) of Senator Durbin, et al, + letter to Labor Secretary.

5

GENIUS Act of 2025

- [Guiding and Establishing National Innovation for U.S. Stablecoins of 2025](#) (P.L. 119-27; S. 1582) enacted 7/18/25
- Creates regulatory framework for stablecoins that includes
 - maintenance of reserves to support the coins on one-to-one basis using US dollar or other “similarly liquid” assets
 - “unlawful for any person other than a permitted payment stablecoin issuer to issue a payment stablecoin in the United States”
- August 18th: [Treasury issues RFC](#) “to identify innovative or novel methods, techniques, or strategies that regulated financial institutions use, or have the potential to use, to detect illicit activity, such as money laundering, involving digital assets.”
- **Observations:** Not a tax bill. Creation of more stablecoins may lead to increase in use of digital assets to acquire stablecoins resulting in a taxable transaction when the digital asset is disposed of.

6

Digital Asset Market Clarity Act of 2025

- <https://www.congress.gov/bill/119th-congress/house-bill/3633>
- Provides framework for SEC and CFTC to regulate digital assets
- **CBO Revenue Estimate:** “CBO did not estimate any budgetary effects arising from changes to the banking system or financial markets as a result of enacting H.R. 3633. Depending on their individual design and extent of adoption, virtual currencies could enhance the efficiency of the system, cause disruption, or reduce bank deposits. Those effects are uncertain and, given their potential range, CBO cannot currently estimate their direction or magnitude.”
- **Observations:** Not a tax bill. Defining digital assets by their functional characteristics may clarify the appropriate tax treatment based on existing tax rules.

7

Attention Now Turns to Crypto Tax Policy

July 3rd – Sen. Lummis introduces a discussion draft of a standalone crypto tax bill with many familiar proposals



July 16th – Rep. Miller announces at a House Ways and Means hearing that he will introduce his own crypto tax bill very soon



July 30th – White House issues Digital Asset Report in response to EO 14178, devoting almost 20 pages to crypto tax policy



8

Mining and Staking

- Question is on the proper taxation of tokens created through staking and mining.
 - Many taxpayers take position that staking rewards should be taxed as self-created property (that is, at the time of sale or exchange).
 - Sen. Lummis proposes new §451(l) to defer income recognition for mining and staking income, and treat it as ordinary income
 - Rep. Miller will propose legislation to “provide clear guidance on staking, mining and income recognition”, but has not said how
 - White House left open the possibility of treating rewards as self-created property, suggesting that Treasury could “clarify, modify, or reverse” prior guidance without legislation
- White House also called for guidance on investment trusts that stake digital assets

9

Other Lummis Proposals

- De minimis gain exclusion for personal transactions capped at \$300 per transaction and \$5K yearly
- Expands §1058 on lending digital assets
- Wash sale loss limitation of §1091 would apply to digital assets
- New §475(g) allows dealers and traders to elect mark-to-market treatment for digital assets
- §170(f) modified to exempt actively traded digital assets from qualified appraisal requirement
- Rep. Miller also mentions these proposals, but no details yet

10

Stablecoins

- The tax character of stablecoins is uncertain
- Notice 2014-21 just treats them as “property”
- White House Report considers whether to treat payment stablecoins as “money” or debt instruments
- Cautions that tax rules (e.g., the wash sale rules) should not “impede the widespread use of payment stablecoins as financial assets that function in a similar manner to cash-equivalents”
- What about Wyoming’s Frontier Stable Token?
- Lummis and Miller proposals do not address stablecoins

11

Additional White House Tax Priorities

- Whether wrapping transactions are taxable
- Deducting losses from worthless, abandoned or stolen tokens
- CAMT exposure for unrealized gains from digital asset appreciation on GAAP financial statements
- Tax reporting
 - De minimis receipts (e.g., airdrops, hard forks, etc.)
 - Electronic furnishing of 1099-DA
 - Implement OECD Crypto-Asset Reporting Framework (CARF)
 - Section 6048A – basis of digital assets transferred between brokers
 - Section 6050I – receipt of digital assets by trade or business
 - Section 6038D and FBAR reporting

12

Tax Reporting

- Final Regulation for Section 6045 issued in 2024
 - Definition of terms provided
 - Reporting exceptions & De minimis thresholds provided
 - Phase in reporting over time
 - [IRS Final Regulations and related IRS guidance for reporting by brokers on sales and exchanges of digital assets](#)
- IRS Notice 2024-56: transition relief for brokers
- IRS Notice 2024-57: temporary exceptions to reporting for certain identified transactions
- IRS Notice 2025-07: temporary relief for 2025 for certain basis identification
- Form 1099-DA
 - Timeline for compliance from broker
 - Transactions included/ not included
 - [IRS Instructions for Form 1099-DA \(2025\)](#)

13

Basis Tracking

- Section 1001 and Section 1012 regulations updated in conjunction to help clarifying digital assets basis reporting and tracking in determining gain or loss at disposal.
- Revenue Procedure 2024-28
 - Safe harbor – converting from universal approach to wallet-by-wallet as required by updated Section 1012 final regulation
 - Due date to comply with Safe harbor was December 31, 2024
 - No more universal approach effective January 1, 2025
- Best practice
 - Understand taxpayer's digital assets activities
 - Use proper software tool to help tracking and reporting
 - Reach out to professional to help

14

IRS Forms and guidance

- IRS websites for guidance:
 - [IRS Digital assets](#)
 - [IRS FAQ on virtual currency transactions](#)
 - Note – not all contents are up-to-date
- IRS Forms with digital assets questions
 - Form 709
 - Form 1040, 1041, 1065, 1120 and 1120S
 - Form 8283 – type of donated property
- AICPA and other organizations providing digital assets resources

Blockchain Tax Conference 2026

- **January 30, 2026 Friday**
- Delta Hotel in Santa Clara
- Topics include:
 - Dealing with 2025 Forms 1099-DA
 - Valuing Digital Assets
 - Legislative and Administrative Update
 - Where in the World is My Digital Asset?
 - Do We Have a Partnership?
 - Digital Assets and Their Numerous Instruments Governing Formation and Operation
 - Ask the Experts
- Registration is open – don't miss out
- Fees include light breakfast, lunch, materials, amazing networking opportunities and outstanding presentation + continuing education for Enrolled Agents, and California attorneys and CPAs.
- <https://www.sjsu.edu/taxinstitute/>

16

41st Annual TEI-SJSU High Tech Tax Institute

- November 3 – 4, 2025
- Crowne Plaza Cabana in Palo Alto
- Topics include int'l tax update, CAMT, IP Development and Migration, R&D Tax Changes, Tax Issues of Doing Business in Brazil, AI Demos, Tariffs, M&A Update, DC Tax Update, Pillar 2, Cloud Computing Regs, Federal Tax Controversy and More
- Registration is open - <https://www.sjsu.edu/taxinstitute/>



17