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KPMG report: Tax treatment of cryptocurrency and challenges of cross-border reporting

Bitcoin and other cryptocurrencies have come a long way from their exchanges on the Silk Road in the early 2000s. As of April 2022, the most popularly tracked cryptocurrencies reached a market capitalization of nearly \$2 trillion. The U.S. Treasury estimates that the U.S. overall tax gap will grow from a current projection of \$600 billion annually to an astounding \$7 trillion over the next decade, with cryptocurrencies playing an increasingly central role, if extraordinary reporting and enforcement measures are not taken.

The effort to characterize cryptocurrencies and the lack of an internationally agreed-upon standard definition has caused issues with the reporting and exchange of information necessary for authorities to tax and audit quasi-anonymous, cross-border cryptocurrency transactions. The unique aspect of cryptocurrency technologies, the jurisdiction-by-jurisdiction characterization of cryptocurrency transactions, and the differing national regimes and competing economic interests will create challenges to establishing the consensus and coordination necessary for an effective exchange of information and enforcement of international cryptocurrency taxation.

Read a [KPMG report](#)* [PDF 756 KB] that explores the foreseeable problems and offers potential solutions.

*This report was published in *Tax Notes International* (September 19, 2022) and is provided with permission.

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