



IRS releases updated draft Form 1099-DA

Global Information Reporting

On August 8, 2024, the Internal Revenue Service (IRS) released an updated draft of Form 1099-DA, [Digital Asset Proceeds From Broker Transactions](#). The form is for digital asset brokers to report proceeds and basis (where relevant) for dispositions of digital assets.

The draft form has generally been updated to reflect changes in the effective dates in the final regulations. Notably the form has a tax-year date of 2025 (i.e., it is the 2025 Form 1099-DA), indicating 2026 reporting of 2025 transactions. Additionally, the form recipient instructions indicate cost basis reporting is not required for assets acquired prior to January 1, 2026. For example, the instructions for Box 1g have been updated to indicate that cost basis information may be blank if the asset was acquired prior to 2026.

Like many Forms 1099, there are fields for the filer to report the recipient's Taxpayer Identification Number (TIN) and to indicate whether backup withholding was performed on any of the dispositions. The prior draft had a free-form field for the filer to explain why the recipient's TIN was not reported. This has been removed.

The prior draft also included a field with checkboxes for the broker to indicate its digital asset broker type. This field has now been removed.

The updated draft simplifies reporting of the form of proceeds, requiring the broker to check if the proceeds were only in the form of cash. The prior draft required detailed reporting of non-cash proceeds received in the transaction, with separate boxes to identify when the proceeds were in the form of cash or non-cash, as well as the type of non-cash proceeds received.

New Box 8 allows the broker to identify whether they relied on customer-provided acquisition information to identify which digital asset was disposed. The prior draft did not have this option.

Box 9 is used to identify whether the digital asset is a noncovered security. Box 10 provides three options for the broker to identify why the security is noncovered. These options were updated to reflect changes in the final regulations, and now provide that a security is noncovered if (1) the broker did not provide custodial services; (2) the broker provided custodial services for the asset and it was transferred in to the broker; or (3) the asset was acquired prior to 2026. The previous draft referred to the broker providing hosted wallet services rather than custodial services, as well as the asset acquisition date in the proposed regulations.

The final regulations provide an optional reporting method on an aggregate basis for qualifying stablecoins or specified non-fungible tokens (NFTs). Accordingly, new Boxes 11a through 11c allow the broker to report using this optional reporting method. Box 11a allows the broker to identify whether the gross proceeds reported in 1f is an aggregate amount for either qualifying stablecoins or specified NFTs. Box 11b further allows the broker to identify the number of such aggregated transactions. Box 11c identifies the amount of the aggregated gross proceeds allocable to the first sale of any specified NFT the taxpayer created or minted.

The updated draft has eliminated boxes from the previous draft that required certain information to be reported, such as the time in Coordinated Universal Time (UTC) the assets were acquired; the transaction ID or hash from the disposition if it was recorded on a distributed ledger; and the digital asset address of the person disposing of the digital assets. We note that the broker must still keep records of the transaction ID/hash and the digital address for seven years after the disposition; these are just no longer reportable on Form 1099-DA.

Similarly, the information required to be reported with respect to transfers into an account with the broker has also been simplified. New Boxes 12a and 12b only require reporting of the date and number of these transferred digital assets.

Most other information on the updated draft form is unchanged or is slightly modified from the previous version. Box 3b, reserved in the prior draft, is partially reserved but now can also be used to identify whether the gross proceeds are from transacting with a Qualified Opportunity Fund. Box 13 is still reserved for future use.

Comments can be filed with the IRS about the draft at its [forms and publications comments page](#) on the IRS website. To date, no draft instructions complementing the draft Form 1099-DA have been published. This release highlights changes from the previous draft Form 1099-DA. Our release for that previous draft can be found [here](#).

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