

# Cryptocurrency Crackdown: What You Need to Know about Enhanced IRS/Government Scrutiny of Cryptocurrency Transactions

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With a newly assembled team of specialized investigators, the Internal Revenue Service (IRS) has dedicated substantial resources to investigating cryptocurrency use in tax evasion. According to the IRS, any taxpayer who has engaged in a virtual currency transaction without properly reporting it has failed to comply with U.S. tax law.

As John Doe Summonses seeking the identities of investors are served on cryptocurrency trading exchanges, significant IRS civil and criminal investigations will ensue. The New York Attorney General's Office has announced an investigation into the policies and practices of cryptocurrency trading exchanges. The SEC, CFTC, and other regulators have announced initiatives as well.

Winston & Strawn hosted "Cryptocurrency Crackdown: What You Need to Know about Enhanced IRS/Government Scrutiny of Cryptocurrency Transactions" on May 16 in New York. The program examined the IRS's newest substantive and procedural initiatives regarding cryptocurrency transactions, the reporting obligations that U.S. taxpayers must follow, corrective steps that may still be taken to mitigate exposure, and appropriate tax structuring of these transactions.

The program also provided an overview of the latest developments in regulatory investigations.

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