

Survey on Taxpayer Experiences and Preferences in Digital Asset Reporting

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Objective:

To gather quantitative data on taxpayers' preferences for information sources, knowledge of digital asset tax obligations, time spent on digital asset reporting, the number of transactions reported, the cost to prepare for reporting, as well as assessments of difficulty regarding various parts of the digital asset reporting cycle.

Methodology:

1. Dissemination

- Disseminate via Qualtrics or similar platform
- Aim for 100 users per user group (see section 4. Participant Selection)
- Leverage BLN24/Fors Marsh for recruiting, dissemination

2. Key Areas of Focus:

- *Knowledge of regulations:* Taxpayer confidence in knowledge of digital asset tax reporting obligations; knowledge of taxable events
- *Information sources:* Preferred channels and platforms for obtaining information on digital asset taxation.
- *Time investment:* Time spent in preparing and reporting digital assets.
- *Transaction complexity:* Number of transactions reported
- *Cost implications:* Expenses incurred in preparing for digital asset reporting.
- *Perceived challenges:* Specific areas of difficulty in the reporting process.

3. Participant Selection:

- *User Group A - New Digital Asset Taxpayers:*
 - **Description:** Individuals new to investing or trading in digital assets, facing their first tax reporting cycle with these assets.
- *User Group B - Experienced Digital Asset Investors:*
 - **Description:** Taxpayers with multiple years of experience in digital asset investments, familiar with various tax reporting cycles.
- *User Group C - Taxpayers with Complex Digital Asset Portfolios:*
 - **Description:** Individuals who have a diverse range of digital assets, including various cryptocurrencies, NFTs, and perhaps involvement in staking or mining.
- *User Group D - Taxpayers with Simple Digital Asset Transactions:*
 - **Description:** Individuals who have straightforward digital asset transactions, such as purchasing or holding a single type of cryptocurrency.

4. Timeline:

- Survey development: Complete
- Distribution and collection period: 4 weeks
- Data analysis and reporting: 2 weeks

5. Output:

- A comprehensive report detailing the findings, highlighting taxpayer preferences, challenges, and areas needing improvement in digital asset reporting.

Survey Questions:

1. What is your age? [Enter Whole Number/Number Drop-Down]

2. What is your gender?

- Male
- Female
- Non-binary/Third gender
- Prefer not to say
- Prefer to self-describe: _____

3. What is your current employment status?

- Employed full-time
- Employed part-time
- Self-employed
- Unemployed
- Retired
- Student
- Prefer not to say

4. How do you usually file your taxes?

- Paper filing
- Third-party online service provider (e.g. TurboTax, H&R Block, etc.)
- Use an accountant or CPA
- Use an in-person tax center
- Use a community tax center

5. How long have you been involved with digital assets (e.g., convertible virtual currency and cryptocurrency, NFTs, stablecoins?)

- Less than a year
- 1-2 years
- 3-5 years
- More than 5 years

6. What types of digital assets does your portfolio consist of? (Select all that apply)

- Convertible virtual currency or cryptocurrency
- Stablecoins
- NFTs

7. How confident are you in your knowledge of tax obligations related to digital assets?

- Not confident at all
- Slightly confident
- Somewhat confident
- Fairly confident
- Completely confident

8. Which of the following do you believe are taxable events for digital assets? (Select all that apply)

- Sold a digital asset for fiat
- Exchanged a digital asset for property, goods, or services
- Held digital assets in a wallet or account
- Exchanged or traded one digital asset for another digital asset
- Received a digital asset as payment for goods or services
- Transferred digital assets from one wallet or account you own or control to another wallet or account you own or control
- Received a new digital asset because of a hard fork
- Received a new digital asset as a result of mining or staking activities
- Received a digital asset because of an airdrop
- Disposition of a financial interest in a digital asset
- Purchased digital assets using U.S. or other real currency, including through electronic platforms such as PayPal and Venmo

9. Which sources do you use to understand your tax obligations for digital assets? (Select all that apply)

- IRS.gov
- Financial Advisors (Investment Advisor, Financial Planner, Retirement Planner, Wealth Manager)
- Tax Professionals (Certified Public Accountants (CPA), Enrolled Agents, Tax Attorneys)
- Reddit
- Twitter/X
- YouTube
- TikTok
- LinkedIn
- Coinbase
- CoinDesk
- CoinLedger
- Blogs
- News articles
- Other (Please specify)

10. If you had to choose **one primary information source** to understand your tax obligations for digital assets which would you choose? (Select one)

- IRS.gov
- Financial Advisors (Investment Advisor, Financial Planner, Retirement Planner, Wealth Manager)
- Tax Professionals (Certified Public Accountants (CPA), Enrolled Agents, Tax Attorneys)
- Reddit
- Twitter/X
- YouTube
- TikTok
- LinkedIn
- Coinbase
- CoinDesk
- CoinLedger
- Blogs
- News articles
- Other (Please specify)

11. How much time did you spend preparing to report your digital asset transactions in the previous tax year?

- N/A
- Less than 1 hour
- 1-3 hours
- 4-10 hours
- 11-23 hours
- 1-2 days
- 3-4 days
- 5-7 days
- 8-14 days
- 15-21 days
- 22-30 days
- 31-45 days
- Over 45 days

12. How many digital asset transactions did you report in the previous tax year?

- N/A
- 1-4
- 5-9
- 10-24
- 25-49
- 50-99
- 100-249
- 250-499
- 500-999
- 1,000-1,999
- 2,000-2,999
- 3,000-3,999

- 4,000-4,999
- Over 5,000

13. What was your approximate cost for preparing to report digital assets in the previous tax year?

- N/A
- No cost
- Under \$100
- \$100 - \$500
- \$501 - \$1,000
- \$1,000 - \$2,499
- \$2,500 - \$4,999
- \$5,000 - \$10,000
- \$10,000 - \$15,000
- \$15,000 - \$20,000
- Over \$20,000

14. How difficult were each of the following activities? (0: N/A, 1: Very Easy, 2: Easy, 3: Medium, 4: Difficult, 5: Very Difficult)

- Determining if you needed to pay taxes on your digital assets
- Tracking and/or organizing transaction information (including determining cost basis)
- Using IRS forms to report digital assets
- Overall reporting process