

Exploratory Interview + Usability Test into Taxpayer Experiences with Digital Asset Reporting

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Objective:

To understand the workflow and challenges taxpayers face when reporting digital assets and to assess the effectiveness and clarity of guidance provided on the IRS.gov Digital Asset page.

Methodology:

1. Participant Selection (7 users per group):
 - **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 and selling a single type of digital asset.
2. Key Areas of Focus:
 - Understand the end-to-end process taxpayers follow, from gathering information to filing reports.
 - Identify specific pain points, such as understanding tax obligations, tracking transactions, and using third-party tools.
 - Evaluate how effectively IRS.gov resources guide and inform the reporting process.

3. Interview Structure:

Semi-structured, 60-minute remote interviews tailored to the 4 user segments:

- **First-Time DA Filers:**
 - What types of digital assets does your portfolio mainly consist of? (Convertible virtual currency and cryptocurrency, NFTs, stablecoins)
 - How did you first learn about your tax obligations for digital assets?

- What resources do you use to understand how to report your digital assets?
 - Are there any parts of the reporting process that seem particularly confusing or challenging for you?
 - How do you plan on reporting your Digital Asset transactions in this upcoming filing season? (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)
 - Are you using a third-party software to assist in reporting your digital asset transactions?
 - If so, would you be comfortable sharing which software you use?
 - (Using the IRS.gov Digital Asset page as a resource) With your particular use case in mind, tell me what you believe your reporting obligation would be. Use the IRS.gov page as a resource to tell me whether you would need to report digital assets.
 - What improvements or additional information would you like to see regarding digital assets?
- Experienced DA Investors:
 - What types of digital assets does your portfolio mainly consist of (convertible virtual currency and cryptocurrency, NFTs, stablecoins)?
 - Are there specific informational resources you rely on for understanding your tax obligations related to digital assets? If so, what are they?
 - Can you describe whether your approach to reporting digital assets has changed over time?
 - How do you plan on reporting your Digital Asset transactions in this upcoming filing season? (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)
 - Are you using a third-party software to assist in reporting your digital asset transactions? If so, would you be comfortable sharing which software you use?
 - Are there any advanced challenges that you are facing now that you didn't in your earlier experiences?
 - (Using the IRS.gov Digital Asset page as a resource) With your particular use case in mind, tell me what you believe your reporting obligation would be. Use the IRS.gov page as a resource to tell me whether you would need to report digital assets.
 - What improvements or additional information would you like to see regarding digital assets?
- Taxpayers with Complex DA Portfolios:
 - What types of digital assets does your portfolio mainly consist of (convertible virtual currency and cryptocurrency, NFTs, stablecoins)?
 - Are there specific informational resources you rely on for understanding your tax obligations related to digital assets? If so, what are they?
 - How do you plan on reporting your Digital Asset transactions in this upcoming filing season? (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)

- Describe your process for reporting these digital assets.
- Are you using a third-party software to assist in reporting your digital asset transactions? If so, would you be comfortable sharing which software you use?
- What specific challenges do you encounter when reporting various types of digital assets?
- (Using the IRS.gov Digital Asset page as a resource) With your particular use case in mind, tell me what you believe your reporting obligation would be. Use the IRS.gov page as a resource to tell me whether you would need to report digital assets.
- What improvements or additional information would you like to see regarding digital assets?
- Taxpayers with Simple DA Transactions:
 - What types of digital assets does your portfolio mainly consist of (convertible virtual currency and cryptocurrency, NFTs, stablecoins)?
 - Are there specific informational resources you rely on for understanding your tax obligations related to digital assets? If so, what are they?
 - How do you plan on reporting your Digital Asset transactions in this upcoming filing season? (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)
 - Describe your process for reporting these digital assets.
 - Are you using a third-party software to assist in reporting your digital asset transactions? If so, would you be comfortable sharing which software you use?
 - (Using the IRS.gov Digital Asset page as a resource) With your particular use case in mind, tell me what you believe your reporting obligation would be. Use the IRS.gov page as a resource to tell me whether you would need to report digital assets.
 - What improvements or additional information would you like to see regarding digital assets?

4. Output:

- A report outlining the findings, including a step-by-step depiction of the taxpayer's journey, pain points, and recommendations for improving IRS.gov resources and the overall reporting process.