

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



### Tools for Tracking Your Crypto

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The IRS has placed a cryptocurrency question near the top of this year's tax form. If you had any capital gains from selling or "otherwise disposing of" a cryptocurrency during the year you need to pay taxes. If you used your cryptocurrency frequently to purchase things and purchased more crypto at various prices, you may have a real mess on your hand sorting out crypto capital gains and losses. Luckily there are tools for tracking your crypto so that you do not need to sort through every single transaction with paper and pencil.

### Is Reporting Your Crypto Capital Gains Important?

The whole idea of cryptocurrency for some people is that it avoids the traditional regulated financial system. However well that may have worked for some folks in the past, those days are over. President Biden recently issued an executive order about US Money and [Payment Systems](#). The US is going to have a digital currency, is going to regulate cryptocurrencies, and is getting its ducks in a row so that regulatory agencies will not be tripping over each other as they carry out their regulatory work. Meanwhile, the IRS announced the conviction of crypto dealers for [tax evasion](#) and their being sentenced to prison and fined. If you want to partake of the benefits of the world of cryptocurrencies, you will have to keep track and pay your taxes!

### When Do You Have To Pay Taxes on Cryptocurrency?

The government now treats cryptocurrencies like any other asset that you buy and sell. For example, if you buy a hundred shares of a stock for \$1,000 and then sell for \$5,000 after a monster rally, you need to pay taxes on \$5,000 - \$1,000. How much you pay will depend on if you held the stock for less than a year or more than a year. Less than one year is a short-term capital gain and more than a year is a long-term capital gain. The tax rate on short-term gains is the same as on normal income which could be negligible if your income is low and as high as 37% if you are in the highest tax bracket. The tax on long term capital gains ranges from 0% to 10% to 20%. The simple answer regarding cryptocurrencies is that you treat gains like those with stocks.

### Handling Your Crypto Transactions for Tax Purposes

There are a lot of programs to help you track crypto transactions. Each one is the "best" according to the maker or whoever is promoting it. [This website](#) lists a couple of dozen possibilities.

*Pionex, CoinSmart, Crypto.com, Coinmama, Coin Market Manager, Blockfolio, Delta, CoinStats, Lunch Money, Altpocket, CryptoCompare, CoinMarketCap, Cryptowatch, Blox, Crypto Pro, Investing.com, CoinTracker, Altrady, #Kubera, CryptoTrader.Tax, Shrimpy, CoinTracking, Zerion, Bitsnapp Portfolio.*

What sites like this do not mention is that traditional accounting programs like QuickBooks by Intuit can handle the task as well and will also handle your normal accounting and tax chores. All your crypto transactions are recorded through your crypto exchange. They are now obliged to send you a report at the end of the year. If

you deal with more than one exchange you may need to make certain that your tax info is correctly integrated exchange to exchange in which case, you may need the services of a CPA who is comfortable dealing with crypto issues. The bottom line is that you need to pay attention to this and pay your taxes. This will especially be the case if you bought your bitcoin when it was worth \$100 and were spending it late in 2020 when it was worth more than \$60,000.

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