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Crypto Taxes for 2023 | Bitcoin Taxes Rules

Original:

<https://www.btcc.com/en-US/academy/research-analysis/crypto-taxes-for-2023-bitcoin-taxes-rules>

How cryptocurrencies are taxed depends on how and when they were acquired.

Hardly the most riveting topic, but understanding how taxes work with digital currencies is essential if you plan to invest in them. Despite the relative novelty of cryptocurrencies, the IRS is making significant efforts to ensure that crypto tax compliance is met.

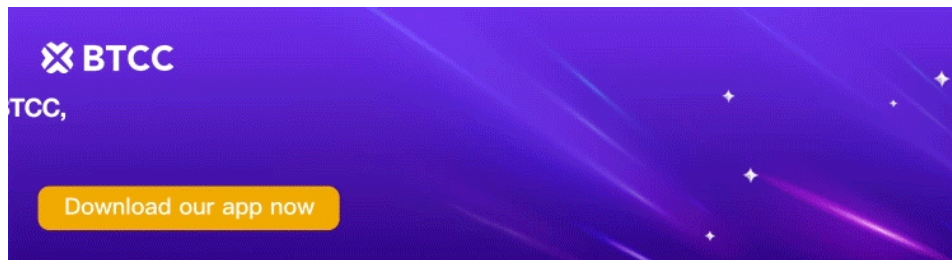
Several actions involving bitcoin can trigger tax obligations, including exchanging one cryptocurrency for another. Gains from the sale of other types of digital assets, such as non-fungible tokens, are also subject to taxation (NFTs). It can be difficult to reconstruct your profits and losses for tax purposes if you haven't kept detailed records. Even if you had a genuine oversight and forgot to pay your cryptocurrency taxes, you could be subject to hefty fines.

Learn all you need to know about filing taxes related to cryptocurrency trading and revenue with this comprehensive tutorial. You will gain a thorough understanding of the many facets of crypto taxation, including filing instructions, tax rates, and more

What are Crypto Taxes?

The Internal Revenue Service (IRS) has determined that most cryptocurrencies are usable virtual currencies. This means that they can be used as a means of payment, a way of holding value, a unit of account, and as a medium of exchange, just like actual money.

Any gains or income you make through bitcoin are likewise subject to taxation. There is a lot of nuance to bitcoin taxation, since you might or might not have to pay taxes depending on your specific circumstances. Knowing when you will be taxed as a cryptocurrency owner or user is crucial so that you are not caught off guard by the Internal Revenue Service.



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How do Crypto Taxes Work?

How and when you pay taxes on your bitcoin holdings will vary.

Gains from selling cryptocurrency are taxable at the rate of your country's income tax on the difference between what you paid for the cryptocurrency and what you got from selling it. Keep in mind that this does not just refer to the sale of cryptocurrency for fiat currency, but also the direct exchange of one cryptocurrency for another, as well as the use of cryptocurrency to pay for products and services.

But, the specifics of how crypto taxes are computed will vary according on your individual situation. The nutshell version is as follows:

- If you obtained cryptocurrency through mining or as payment for products or services, its value is instantly taxable as earned income. You do not wait to pay the IRS until you sell, trade, or utilize it.
- If you disposed of or used bitcoin by selling it on an exchange, purchasing goods or services, or swapping it for another cryptocurrency, you will owe taxes if the realized value exceeds the purchase price. A capital gain may be subject to either short-term or long-term tax rates.

Tax expert Brian Harris of Fogarty Mueller Harris, PLLC in Tampa, Florida, believes that buying and selling cryptocurrency results in some of the same tax repercussions as more conventional assets like real estate or stock.

According to Harris, "the value... rises and falls, and if you sell or exchange that property, then you

have capital gain or loss, based on how that value has moved.”

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Whar Factors Determine the Tax Rate?

You will be subject to taxation on any gains you made through trading cryptocurrencies, with the rate being determined by the following factors:

- How long you were the owner prior to selling. If you held cryptocurrency for less than a year before selling it, you will be subject to higher rates, between 10% to 37%. If you have owned the cryptocurrency for over a year, your rates will range from 0% to 20%.
- Your annual salary in its whole. Those with the greatest incomes are subject to the highest tax rates.



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Crypto Tax Rates for 2023

When filing your taxes in 2023, the following long-term cryptocurrency tax rates will apply:

Data source: IRS.

TAX RATE	SINGLE	MARRIED FILING JOINTLY	HEAD OF HOUSEHOLD
0%	\$0-\$44,625	\$0-\$89,250	\$0-\$59,750
15%	\$44,626-\$492,300	\$89,251-\$553,850	\$59,751-\$523,050
20%	>\$492,300	>\$553,850	>\$523,050

For this reason, any gains made on cryptocurrency held for less than a year are treated as ordinary income by the IRS. Gains from cryptocurrency kept for less than a year will be subject to the following income tax rates in 2023:

Data source: IRS.

TAX RATE	SINGLE	MARRIED FILING JOINTLY	HEAD OF HOUSEHOLD
10%	\$0-\$11,000	\$0-\$22,000	\$0-\$15,700
12%	\$11,001-\$44,725	\$22,001-\$89,450	\$15,701-\$59,850
22%	\$44,726-\$95,375	\$89,451-\$190,750	\$59,851-\$95,350
24%	\$95,376-\$182,100	\$190,751-\$364,200	\$95,351-\$182,100
32%	\$182,101-\$231,250	\$364,201-\$462,500	\$182,101-\$231,250
35%	\$231,251-\$578,125	\$462,501-\$693,750	\$231,251-\$578,100
37%	>\$578,125	>\$693,750	>\$578,100

FAQs:

1.What are some strategies for paying as little tax as possible?

There is also the option of waiting longer than a year to cash out crypto. The interest rates are lower if you keep the property for more than a year.

2.How is cryptocurrency taxed?

Any profits made from the sale of cryptocurrency are subject to the same long-term and short-term capital gains rates as those applied to the sale of stocks.

Cryptocurrency earnings should be included in yearly earnings if mined or staked, or if paid in cryptocurrency by a business or client.

3.What if you lose money when selling crypto?

A loss from selling cryptocurrency for less than you paid for it might be used to reduce the gain from selling additional coins.



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Where to Trade Bitcoin Futures?

Now you can trade Bitcoin futures on [BTCC](#). [BTCC](#), a [cryptocurrency exchange](#) situated in Europe, was founded in June 2011 with the goal of making crypto trading reliable and accessible to everyone. BTCC is a crypto exchange offering users liquid and low-fee futures trading of both cryptocurrencies and tokenized traditional financial instruments like stocks and commodities.



BTCC offers exclusive bonus for new users. Sign up and deposit on BTCC to get up to [3,500 USDT](#) in bonuses. Meet the deposit targets within 30 days after successful registration at BTCC, and you can enjoy the bonus of the corresponding target levels. **Find out what campaigns are available now:** <https://www.btcc.com/en-US/promotions>

BTCC also has an [iOS](#) app and [Android](#) app if you prefer to trade on the go.

iOS QR Code

Android QR Code



Why Trade Crypto Futures on BTCC

To trade Crypto futures, you can choose BTCC crypto exchange. [BTCC](#), a [cryptocurrency exchange](#) situated in Europe, was founded in June 2011 with the goal of making crypto trading reliable and accessible to everyone. Over 11 years of providing crypto futures trading services. 0 security incidents. Market-leading liquidity.

Traders may opt to trade on BTCC for a variety of reasons:

- **Secure:** safe and secure operating history of 11 years. Safeguarding users' assets with multi-risk management through the ups and downs of many market cycles
- **Top Liquidity:** With BTCC's market-leading liquidity, users can place orders of any amount—whether it's as small as 0.01 BTC or as large as 50 BTC—instantly on our platform.
- **Innovative:** Trade a wide variety of derivative products including perpetual futures and tokenized USDT-margined stocks and commodities futures, which are innovative products invented by BTCC.
- **Flexible:** Select your desired leverage from 1x to 150x. Go long or short on your favourite products with the leverage you want.



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FAQs

1. Is BTCC safe?

Since its inception in 2011, BTCC has made it a priority to create a secure space for all of its visitors. Measures consist of things like a robust verification process, two-factor authentication, etc. It is considered one of the most secure markets to buy and sell cryptocurrencies and other digital assets.

2. Is it possible for me to invest in BTCC?

Users are encouraged to check if the exchange delivers to their area. Investors in BTCC must be able to deal in US dollars.

3. Can I Trade BTCC in the U.S?

Yes, US-based investors can begin trading on BTCC and access the thriving crypto asset secondary market to buy, sell, and trade cryptocurrencies.

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