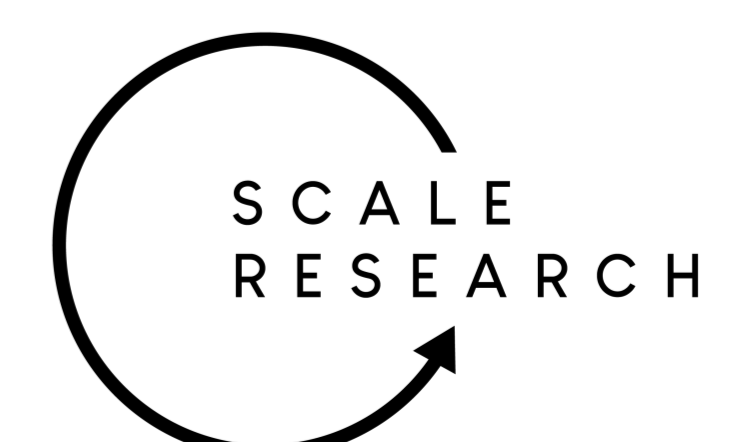




# Crypto Tax Confusion Report 2025

Unmasking the tax knowledge gap  
among U.S. crypto investors

Published by Crypto Tax Calculator  
in partnership with Scale Research



# Foreword

“Despite growing regulatory attention, many investors still don’t understand the full scope of their tax obligations. The shift towards decentralized finance and onchain transactions has only compounded this issue, creating a complex web of taxable events that most traders are unaware of.

Our research highlights a significant knowledge gap that must be addressed to protect crypto traders from penalties and financial uncertainty. As regulatory scrutiny intensifies, ensuring investors have access to clear, reliable tax reporting solutions is more crucial than ever.”



**Nick Waytula**  
Head of Tax  
Crypto Tax Calculator



**Shane Brunette**  
CEO  
Crypto Tax Calculator

“Tax reporting in crypto is no longer an optional afterthought. The market has evolved—investors are diversifying across multiple blockchains, engaging in DeFi activities, and trading on decentralized exchanges that lack the standardized reporting structures of traditional finance.

Our findings reveal that millions of traders may lack clarity on their obligations, leading to potential compliance risks. Helping users gain clarity on their tax situation is now more important than ever, as tax authorities ramp up enforcement actions to close the tax gap.”



# Crypto Traders Are Underprepared for Tax Compliance

A statistically significant survey of 1,516 active U.S. crypto traders reveals that the majority remain uninformed about their tax liabilities, despite increasing regulatory oversight.

## Key takeaways

**42%**

say they are confident in their crypto tax obligations.

**63%**

are unsure or mistakenly believe that crypto is not taxed in the U.S.

**70%**

of respondents are unsure or mistakenly believe that only activity on centralized exchanges is taxable.

**62%**

are unsure or mistakenly believe that crypto tax is unenforceable due to the perceived anonymity of their activity.

With over 61 million Americans needing crypto tax reporting solutions, these gaps in knowledge have serious financial implications as regulatory scrutiny increases. The complexity of multi-chain activity and the rise of decentralized finance (DeFi) highlight the urgent need for modern, automated tax reporting tools.

# Research Methodology

“Our goal with this study was to provide an empirical foundation for understanding how crypto traders perceive their tax obligations. The data reveals clear gaps in knowledge that have serious compliance implications.”



Sonny Sethi, Founder, Scale Research

## Survey Scope and Data Collection

Conducted by  
**Scale Research**

Commissioned by  
**Crypto Tax Calculator**

Sample Size  
**n=1,516 active U.S. crypto traders**

Survey Period  
**November 22 – December 2, 2024.**

Margin of Error:  
**±2.5% at a 95% confidence level.**

## Participant Criteria

- U.S. residents aged 18+ who actively own, invest, or trade in cryptocurrency.
- Must be open to using crypto tax software.
- Excluded 6,851 respondents who did not meet the active trader criteria.



# The Crypto Tax Confusion Crisis

3 Misconceptions About Cryptocurrency  
Tax Enforcement



## The Misconception #1

# Only Centralized Exchange Activity Is Taxable

# 70%

of crypto traders are unsure or mistakenly believe that tax obligations apply only to transactions on centralized exchanges.

## The Reality

“The IRS treats cryptocurrency as property, meaning that all crypto transactions—including those on decentralized exchanges (DeFi) and self-custody wallets—are taxable. Taxable events include sales, swaps, staking rewards, transactions using stablecoins, and NFT transactions, all of which must be reported.”



*Nick Waytula*

*Head of Tax, Crypto Tax Calculator*

- This leaves a significant portion of onchain and DeFi activity at risk of being unreported.
- With the rise of decentralized finance, this misconception can lead to substantial tax liabilities without traders realizing it.



# Crypto Is Not Taxed in the United States

63%

are unsure or mistakenly believe that cryptocurrency is not subject to taxation in the United States.

## The Reality

“Cryptocurrency is subject to capital gains and income tax. Most crypto transactions—whether a trade, swap, staking reward, or NFT sale— trigger a taxable event and must be reported to the IRS accordingly.

However, one common misconception is that transferring assets from one of your wallets to another one of your own wallets is taxable. This is false, self-transfers are not taxable.”



*Nick Waytula*  
Head of Tax, Crypto Tax Calculator

- This misconception leads to **non-compliance risks**, as IRS enforcement continues to grow.
- The implementation of the **1099DA**, and the United States’ commitment to regulating the crypto industry highlights the importance for taxpayers to file accurate tax returns, including crypto activity.

# Crypto Transactions Are Anonymous & Tax Enforcement Is Impossible

62%

of traders falsely assume that crypto activity is completely anonymous and therefore not enforceable by the IRS.

## The Reality

“Blockchain records are fully transparent. Tax authorities can monitor transactions and trace information across multiple wallets. The IRS requires taxpayers to report all crypto-related income and capital gains, emphasizing the necessity of accurate tax reports.”



*Nick Waytula*  
*Head of Tax, Crypto Tax Calculator*

- Blockchain technology ensures that all transactions are publicly recorded, meaning that regulators can trace activity.
- Compliance efforts by governments and blockchain analytics firms are closing tax loopholes.



# Misconception



Crypto is unregulated and not taxed.



The IRS can't track my transactions.



If I don't cash out to fiat, I don't owe taxes.



I only trade on DeFi, so I'm safe.

# Reality



Crypto is taxed in the U.S. and most jurisdictions.



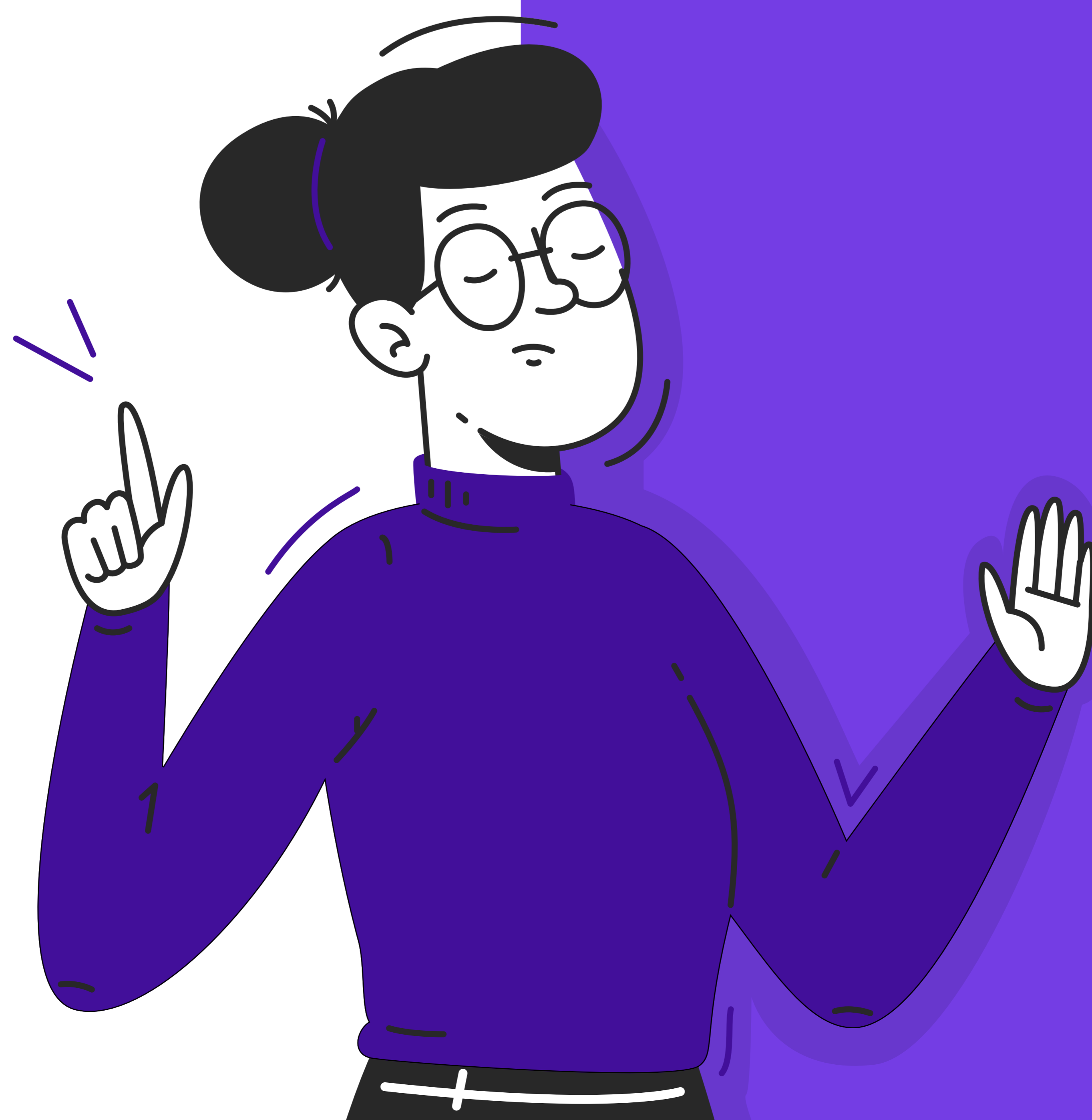
Blockchain records are public and increasingly monitored.



Taxable events include swaps, staking rewards, and NFT sales.



DeFi transactions are taxable and under regulatory scrutiny.



# The Rising Pressure from Regulators

## Global and U.S. Compliance Crackdowns

While United States crypto investors remain unclear on their obligations, regulators are tightening oversight, requiring greater transparency in crypto taxation. In the U.S., **1099DA reporting** now mandates centralized exchanges to report transactions to the IRS, while **CARF**, adopted by over 50 OECD countries, sets a global crypto tax standard. These efforts aim to close tax gaps and enforce compliance.

“Crypto traders must evolve past outdated assumptions about anonymity and taxation. New regulations mean the IRS has more tools than ever to enforce compliance.”



*Shane Brunette*  
CEO, Crypto Tax Calculator



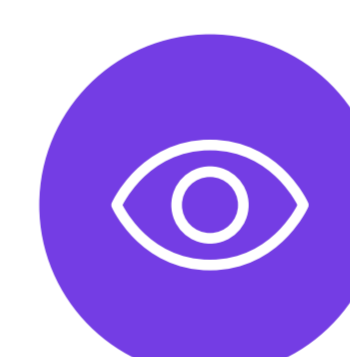
### **1099DA Form**

Requires centralized exchanges to report user transactions to the IRS.



### **Crypto Asset Reporting Framework (CARF)**

A standardized global initiative signed by 50+ countries to track and tax crypto activity.

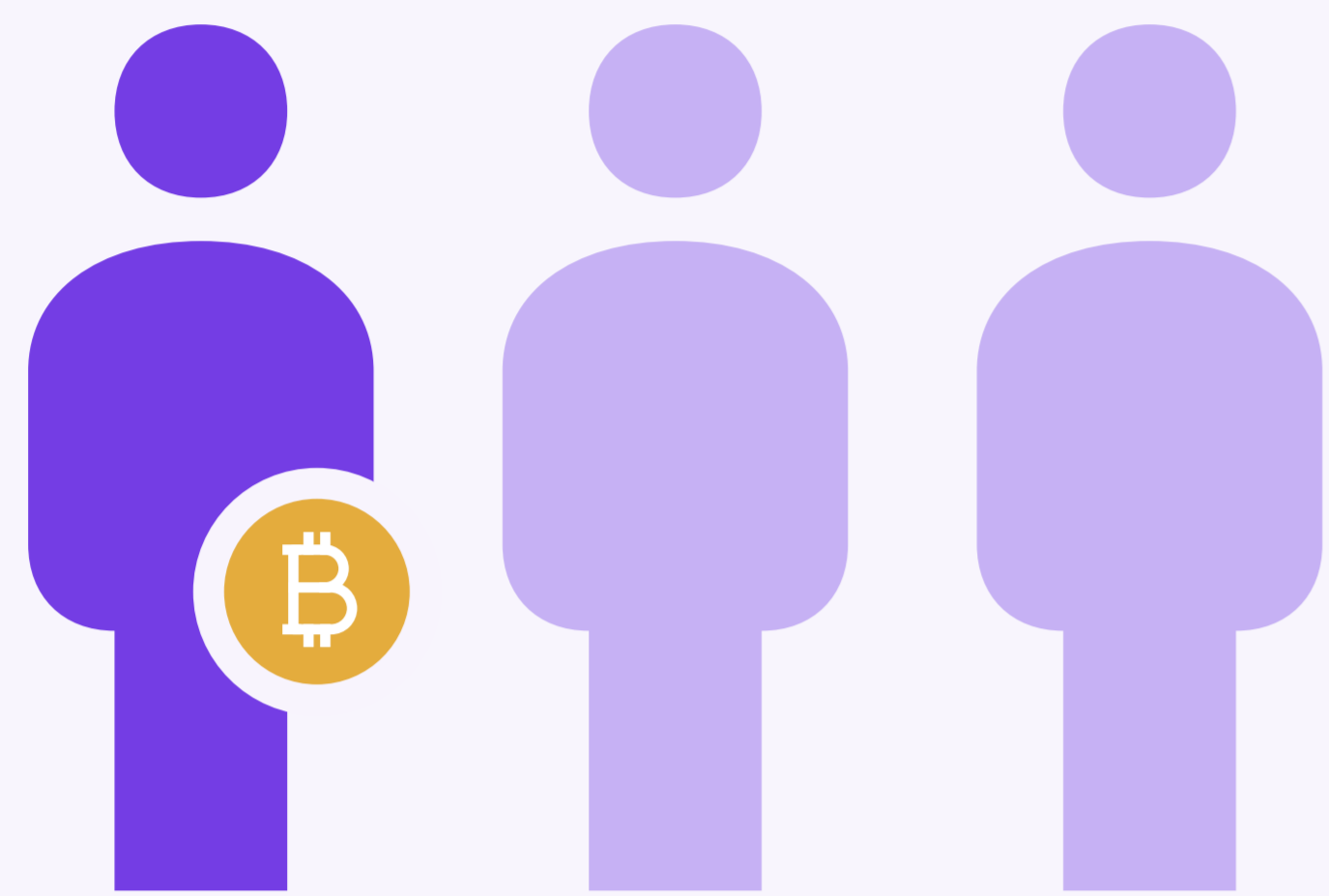


### **Increased IRS Focus on DeFi & Self-Custody**

New technologies enable authorities to trace transactions across multiple blockchains.



# The Growing Need for Crypto Tax Solutions



1 in 3 (32%) Americans own or trade crypto, meaning 61M have tax filing needs.

## Crypto Trading Hotspots in the U.S.

Data shows that California leads the nation in crypto adoption, with 12% of the population trading crypto. Other key hotspots include Texas, New York, Florida, Ohio, and Pennsylvania, where between 5-7% of residents engage in crypto trading. Additionally, Illinois, Georgia, Michigan, North Carolina, New Jersey, and Arizona are emerging markets, with 3-5% of the population involved.

## Where Investors Learn

Crypto traders rely heavily on online communities, news platforms, and influencers for information.

This reliance on peer-driven channels suggests that many traders may be learning tax information from informal, and sometimes unreliable, sources, increasing the risk of misinformation and non-compliance.

### SOURCES OF EDUCATION



35% participate in online crypto communities (e.g., Discord, Reddit, LinkedIn)



35% read crypto news and analysis (e.g., CoinDesk, CoinTelegraph)



34% follow crypto influencers on social media

# Conclusion

- 1** Crypto tax complexity is growing and regulation is catching up.
- 2** Investors must prioritize compliance to avoid penalties.
- 3** Reliable reporting tools are critical to navigating the evolving landscape.

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## About Crypto Tax Calculator

Crypto Tax Calculator is a compliance platform for crypto investors. Available globally, led by a team of finance and web3 experts, the platform helps individuals, accountants and businesses generate robust, accurate tax reports.

