

New York Department of Taxation and Finance Issues Tax Guidance on Virtual Currency Transactions

Katten

Article By

[Michael M. Rosensaft](#)

[Claudia Callaway](#)

[Robert Loewy](#)

[Katten Muchin Rosenman LLP](#)

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On December 5, the **New York State Department of Taxation and Finance (DTF) issued the memorandum “Tax Department Policy on Transactions Using Convertible Virtual Currency.”** The memorandum clarified that under New York law, **convertible virtual currency (such as bitcoin) is considered “intangible property,”** which is not subject to sales tax. Therefore, the purchase or sale of convertible virtual currency for fiat cash (such as US dollars) is not subject to sales tax. Because convertible virtual currency is property, an exchange of convertible virtual currency for goods and services is treated as a barter transaction. The transfer of the convertible virtual currency in the barter transaction is not subject to sales tax; however, the transfer of tangible goods or certain services in the barter transaction is subject to sales tax. Accordingly, a seller that accepts convertible virtual currency for goods and services must (a) register for sales tax purposes, (b) record the value of the convertible virtual currency in US dollars, (c) record any sales tax in US dollars and (d) report such sales and remit such sales tax when filing its sales tax returns. For income tax purposes, the DTF clarified that New York state tax law adheres to IRS guidance defining virtual

currency as property.

Click [here](#) to read the tax memorandum.

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