

The 1099-DA Readiness Checklist

What to fix before the first cost-basis Forms 1099-DA arrive in early 2027

Starting with 2026 sales, crypto brokers must report cost basis to the IRS on Form 1099-DA — but only for **covered** assets, meaning assets acquired after 2025 in that broker's custody and kept there. Everything you bought earlier, or moved in from another wallet or exchange, can reach the IRS with proceeds and no basis. That gap is where mismatch notices come from. Work these six sections in order, before January.

1 · Sort your holdings: covered or noncovered

The single question that decides what the IRS will see next year.

- List every exchange, broker app, and self-custody wallet you used in 2025 and 2026 — including accounts you closed.
- For each position still held at a broker, note whether it was bought **before 1 January 2026**. Those units are generally noncovered; the broker may check box 9 and leave basis (box 1g) blank.
- Flag every transfer between your own wallets and exchanges. Units transferred into a custodial account appear in boxes 12a (units) and 12b (transfer-in date) and are generally noncovered at the receiving broker.
- Keep your own acquisition records for anything noncovered. When the broker has no basis, your documentation is the only thing that supports the number on your return.

2 · Close out the 2025 forms you already received

Forms 1099-DA for 2025 sales reported gross proceeds only — no basis. They are already in the IRS matching system.

- Tie every 2025 Form 1099-DA, line by line, to a Form 8949 entry. Box 1f (proceeds) is what the IRS will match.
- Report digital assets in the new Form 8949 boxes: **G, H, or I** for short-term and **J, K, or L** for long-term. Do not use boxes C or F for digital assets.
- Still on extension? The 2025 extended deadline is **15 October 2026**. File complete, with basis you can support — not proceeds with a zero basis.
- Already filed and a sale is missing, or basis was a guess? Consider amending before a CP2000 proposes tax on the full proceeds.

3 · Lock down your records before they disappear

- Download the **full** transaction history (CSV) from every exchange — not just the tax summary. Platforms that wind down set their own export deadlines.
- Record every public wallet address you control, by chain, so on-chain activity can be reconstructed independently.
- Document how you allocated basis across wallets as of 1 January 2025. Under Rev. Proc. 2024-28, basis is tracked wallet by wallet — universal pooling no longer works going forward.
- Keep a basis workpaper for each wallet and account: acquisition date, units, cost, and source document.

4 • Get ahead of the new broker rules

- Confirm each exchange has your correct legal name and taxpayer ID on a Form W-9. Under Notice 2025-33, backup withholding on digital-asset sales is deferred until 1 January 2027 — after that, an unverified TIN can mean withholding from sale proceeds.
- Decide your lot-selection method. For assets held at a broker, specific identification from 2026 generally has to be communicated to the broker (a standing order is typically enough); otherwise first-in, first-out within that account applies.
- Check box 8 on any 1099-DA you receive; it means the broker relied on acquisition information you supplied. Make sure what you supplied was right.

5 • Plan the 2026 year-end while it still counts

- Review unrealized losses before 31 December. Spot crypto is generally outside the §1091 wash-sale rule as of this writing — but crypto ETFs, crypto-related stocks, and tokenized securities are inside it (the 2026 Form 1099-DA adds box 1i for disallowed wash-sale losses). Pending proposals could extend it; do not treat the gap as permanent.
- Remember the ceiling: net capital losses offset only \$3,000 of ordinary income a year (\$1,500 married filing separately); the rest carries forward.
- Staking and similar rewards are ordinary income when you gain control of them (Rev. Rul. 2023-14), and that value becomes their basis. Track it as it happens.

6 • Know when this needs a professional

Software ingests transactions. It cannot decide what they are, or answer the IRS for you.

- You received a CP2000 or any IRS letter that mentions digital assets or proceeds you do not recognise.
- You have unfiled or self-prepared prior years with crypto activity, or you used different tax tools in different years.
- Your activity spans several exchanges and wallets, DeFi protocols, bridges, or lending platforms — or your proceeds run to six figures.

If anything in section 6 applies to you, that is the conversation.

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This checklist is general information, current as of September 2026. It is not tax advice and does not create a client relationship. Rules for digital assets are changing quickly, and the right answer depends on your specific facts. Confirm the rules for your filing year before acting.