PRIME

CRYPTOCURRENCY TAX LOSS HARVESTING



If you're holding cryptocurrency that's dropped in value, you may be able to turn those losses into a tax advantage. Cryptocurrency tax loss harvesting involves selling underperforming digital assets to realize a capital loss, which can then be used to offset gains from other investments. If your losses exceed your gains, you may also be able to reduce up to **$3,000** of ordinary income, with any remaining losses carried forward into future years.

Because the IRS treats cryptocurrency as property for tax purposes, these losses can be applied in the same way as losses from stocks or other investments. For many investors, this creates an opportunity to reduce overall tax liability while also reevaluating positions in a highly volatile market.

QUALIFICATIONS

This strategy tends to make the most sense if you're actively investing in cryptocurrency and have positions that are currently down in value.

If you've realized gains elsewhere—whether in crypto or other investments—you're in a strong position to benefit, as those losses can be used to offset what you owe. Even without gains, this can still provide some value, but the impact is typically more limited.

It's also a better fit if you're someone who regularly monitors and adjusts your portfolio. Because crypto markets are volatile, opportunities to harvest losses can appear throughout the year, not just at year-end.

That said, this strategy works best when you have a clear understanding of your holdings—what you paid, when you acquired it, and how each position is performing. If your transaction history is difficult to track, it can be harder to fully take advantage of the opportunity.

IMPLEMENTATION

For a detailed implementation checklist and other helpful resources, scan the QR code below or click **here**.

GOT QUESTIONS?

Email **decoder@primecorporateservices.com** or contact **(855) 577-4639** for more information.

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