

Comparison of Capital Gains Tax on Sale of Virtual Currency Positions Using FIFO and Specific Information Basis Allocation

Month	Virtual Currency Prices 2019	Virtual Currency Prices 2022	Gain for Period	Order of Recognition <u>FIFO</u>	Running Total	Total Capital Gain Tax at 15% Bracket MFJ	Order of Recognition <u>Specific Identification</u>	Gain for Period	Running Total	Total Capital Gain Tax at 15% Bracket MFJ
January	\$151	\$3,417	\$3,266	\$3,266	\$3,266	\$490	June	\$818	\$818	\$123
February	\$107	\$2,984	\$2,877	\$2,877	\$6,143	\$921	December	\$1,094	\$1,912	\$287
March	\$135	\$3,445	\$3,310	\$3,310	\$9,453	\$1,418	November	\$1,149	\$3,061	\$459
April	\$158	\$2,243	\$2,085	\$2,085	\$11,538	\$1,731	September	\$1,154	\$4,215	\$632
May	\$162	\$1,859	\$1,697	\$1,697	\$13,235	\$1,985	October	\$1,156	\$5,371	\$806
June	\$242	\$1,060	\$818	\$818	\$14,053	\$2,108	July	\$1,341	\$6,712	\$1,007
July	\$292	\$1,633	\$1,341	\$1,341	\$15,394	\$2,309	August	\$1,355	\$8,067	\$1,210
August	\$223	\$1,578	\$1,355	\$1,355	\$16,749	\$2,512	May	\$1,697	\$9,764	\$1,465
September	\$178	\$1,332	\$1,154	\$1,154	\$17,903	\$2,685	April	\$2,085	\$11,849	\$1,777
October	\$177	\$1,333	\$1,156	\$1,156	\$19,059	\$2,859	February	\$2,877	\$14,726	\$2,209
November	\$184	\$1,333	\$1,149	\$1,149	\$20,208	\$3,031	January	\$3,266	\$17,992	\$2,699
December	\$149	\$1,243	\$1,094	\$1,094	\$21,302	\$3,195	March	\$3,310	\$21,302	\$3,195

In a Hypothetical Liquidation of Half the Taxpayer's Virtual Currency Holdings After the End of the Tax Year, Allocation of Basis Using the FIFO Method Results In a Tax Liability Over Twice as High as Use of the Specific Identification Method. Observe That Liquidation of the Taxpayer's *Entire* Position Yields the Same Tax Liability Using Either Basis Allocation Method