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Thread: [IRS Says Untraded Tokens From Stake Rewards Are Tax-Free](#)

SUI-3183372 - February 2, 2022, 5:10 pm

Quote:- In a win for cryptocurrency stakers and miners, the IRS will not tax unsold tokens

- Tokens attained through proof-of-stake protocols are taxpayer-created property and should not be taxed until sold or exchanged, a Nashville couple argued in May

A decision to refund a Nashville couple taxes related to unsold Tezos tokens is set to clarify the tax treatment of staked cryptocurrency.

In a win for cryptocurrency stakers and miners, the IRS has offered to refund the couple taxes paid on rewards gained — but not redeemed — from staking on the Tezos blockchain, according to people familiar with the matter.

In May 2021, Joshua and Jessica Jerrett requested a refund of \$3,293 of income tax paid in 2019 for the receipt of 8,876 Tezos tokens, according to a legal complaint filed on May 26, 2021, with the US District Court for the Middle District of Tennessee. The couple also sought a \$500 increase in tax credits for lost income.

Tokens attained through proof-of-stake protocols are taxpayer-created property and should not be taxed until sold or exchanged, the Jerretts argued. The complaint claims that nothing under United States law or IRS code and regulations allows for taxpayer-created property to be taxed as income.

The decision has potentially large implications for how proof-of-stake miners and stakers are taxed in the future.

Official court filings are expected to be made public on Thursday.

A representative from the IRS declined to comment.

<https://blockworks.co/sources-in-win-for-crypto-stakers-irs-says-untraded-tokens-are-tax-free/>

This is big news. As April approaches and I look at how many PoS networks I'm sitting on, I've been growing more and more nervous about what I'm going to do about my stake rewards and reporting them to the IRS. Cardano issuing them every 5 days is annoying, but easy enough. However, networks like Radix where you're getting stake rewards roughly every hour really began to frightened me. Keeping track off over 6,000 stake reward events per year sounded miserable.

Anyways, no longer do we need to treat stake rewards in a totally ridiculous manner.

MaxiPads889 - February 2, 2022, 5:18 pm

Not gonna lie, I love the decision. Although it will help PoS networks centralize more and more due to whales not having any pressure to sell some of their crypto rewards and distribute it to fulfill their tax obligations

SIM-5049184 - February 2, 2022, 5:18 pm

This sort of concept also flies for nft trading and on-chain activity. If you deposit 1k usd in crypto and

do not take fiat profit on it but continue to grow it. You legally do not have to report that you own those assets. You can just snowball it and never sell to fiat.

But realistically, fuck the government. I'll be making quite a big thread on on-chain anon.

Omniscient - February 2, 2022, 5:57 pm

IRS is facing harsh realities. That auditing crypto is likely going to cost them more than any income they'll receive. It's a game changer.

Steve - February 2, 2022, 6:33 pm

This is amazing news. I really appreciate you sharing.

Rem - February 2, 2022, 6:36 pm

What a wonderful day for people who hold and stake. It's about time that the IRS got their head out of their ass.

Best news I've heard all day.