Crypto reporting & estimated taxes: what we're telling clients this summer.

Two issues kept showing up during the 2025 filing season — missing crypto cost basis and estimated-tax surprises. Both still matter in 2026 as digital-asset reporting expands and more clients earn income without automatic withholding.

Crypto reporting problems to watch

- New digital-asset broker reporting (Form 1099-DA) is in effect for 2025 sales, which means more IRS matching against what clients report.[1]
- Some exchanges report proceeds without cost basis, especially for assets transferred in from elsewhere.[2]
- Wallet-to-wallet transfers break the basis trail when records aren't kept on both sides.
- Platform CSV exports are often assumed to be complete — they frequently aren't.
- Older trades, staking rewards, and off-platform activity may be missing entirely.

Why this matters in 2026

When the basis trail is broken, a real economic loss can look like a large taxable gain on an IRS notice. That's not a theoretical problem — it's how a routine sale turns into a five-figure surprise.

The fix isn't exotic. Reconstruct basis before the return goes out, document wallet-to-wallet transfers, and keep records that survive a platform shutting down or changing its export format. We do this work for clients with crypto activity as a normal part of preparation — not as an add-on.

How missing basis changes the outcome

Same taxpayer, same transactions — only the records differ. Illustrative figures; rounded for clarity.

Item	Correct reporting	Missing basis
Wages	$80,000	$80,000
Crypto proceeds	$90,000	$90,000
Reported cost basis	$96,000	**$0**
Gain or (loss)	**($6,000) loss**	**$90,000 gain**
Adjusted gross income	**$77,000**	**$170,000**
Estimated federal tax	**~ $11k – $13k**	**~ $33k – $36k**

[1] IRS, About Form 1099-DA, Digital Asset Proceeds From Broker Transactions, and IRS, Reminders for taxpayers about digital assets (Jan. 28, 2026). [2] IRS, Digital assets — recordkeeping guidance for digital-asset transactions.

Estimated taxes still create surprises.

Most estimated-tax problems trace back to income that doesn't get withheld at the source — business or consulting income, investment or crypto gains, rental income, bonuses, commissions, or a mix of jobs and side income. The IRS expects tax to be paid as income is earned, not just at year-end.[3]

Federal estimated tax due dates — tax year 2026

Q1	Q2	Q3	Q4
Jan 1 – Mar 31	Apr 1 – May 31	Jun 1 – Aug 31	Sep 1 – Dec 31
Due Apr 15, 2026	**Due Jun 15, 2026**	**Due Sep 15, 2026**	**Due Jan 15, 2027**

Source: IRS, When to Pay Estimated Tax, and IRS, Estimated taxes.

A good starting point for individual taxes

For employees and retirees with wage or pension withholding, the IRS Tax Withholding Estimator is a reasonable first pass. It compares an estimate of next year's federal tax to current withholding and helps decide whether a W-4 change is warranted.[4]

Open the estimator: irs.gov/individuals/tax-withholding-estimator

Coming soon for business owners

The IRS estimator wasn't built for S-corp and C-corp owners. We're building a free planning tool that handles owner compensation, distributions, and quarterly estimated-tax needs together — the way the conversation actually happens.

Want early access? Email AKT@TenagliaTax.com.

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Talk with us

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[3] IRS, Estimated taxes, and IRS, About Form 1040-ES, Estimated Tax for Individuals. [4] IRS, Tax Withholding Estimator, and IRS, Publication 505, Tax Withholding and Estimated Tax.