

[Firm Name]
[Firm Address]
[City, State, Zip Code]
[Date]

[Client Name]
[Client Address]
[City, State, Zip Code]

Re: Formal Tax Opinion Regarding Digital Asset and Cryptocurrency Transactions

Dear [Client Name],

This letter provides our formal legal/tax opinion regarding the federal income tax consequences of your activities involving digital assets, specifically [Description of Activity, e.g., staking, DeFi lending, or NFT trading].

I. Scope of Opinion

This opinion is based on the Internal Revenue Code (IRC) of 1986, as amended, Treasury Regulations, and current IRS guidance (including Notice 2014-21 and Rev. Rul. 2019-24). It addresses the following transactions: [List specific transactions].

II. Statement of Facts

Based on the information provided, we understand that [Insert Factual Summary: e.g., the taxpayer acquired X units of Currency Y on Date Z for the purpose of...].

III. Analysis and Strategy

Under current IRS guidelines, digital assets are treated as property rather than currency. Therefore:

- **Characterization:** [Explain if assets are capital or ordinary].
- **Cost Basis Method:** [Identify method used, e.g., FIFO, LIFO, or Specific Identification].
- **Taxable Events:** [Describe realization events such as swaps, forks, or airdrops].

IV. Conclusion

Based on the foregoing, it is our opinion that there is "Substantial Authority" for the position that [State Tax Position]. This strategy is intended to [State Goal: e.g., minimize capital gains liability or ensure regulatory compliance].

V. Disclosures and Limitations

This opinion is intended solely for the use of [Client Name] and may not be relied upon by any other party. This opinion does not guarantee that the IRS will not challenge the positions taken.

Sincerely,

[Signature]

[Name of Authorized Signatory]

[Title/Credentials]