

Bloomberg Tax Quotes Victor Jaramillo on Cryptocurrency Appeals Case

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An appeals court will consider Wednesday whether the IRS had the power to end a couple's lawsuit over cryptocurrency tax policy by sending them a refund check.

Joshua and Jessica Jarrett want the U.S. Court of Appeals for the Sixth Circuit to revive their lawsuit after a Tennessee federal court ruled in 2021 that the refund check eliminated any case or controversy on which to rule. The pair argue that cryptocurrency tokens created through "staking"—where someone uses existing tokens and computing power to validate cryptocurrency transactions and create new tokens—shouldn't be taxed as income until they're sold or exchanged.

...

"I just see it as a difficult issue," said Victor Jaramillo of Caplin & Drysdale, who specializes in tax matters. He gave the hypothetical of a taxpayer who sues for a refund based on deductions the IRS blocked, only to have the court declare the case moot when the IRS issues a refund.

"What's stopping this from now leading to an audit of year two, and the same denial of deductions, and me having to fight again, and then ultimately ending up in tax court or district court?" he said.

But although Jaramillo said he understood the Jarretts' frustration, he added that keeping their case alive is "an uphill battle."

For the full article, please visit *Bloomberg Tax's* website (subscription required).

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