

## Crypto Exchange Kraken to Turn Over Customers Activity to IRS

IRS filed a summons in 2021, requiring Kraken, a crypto exchange, to turn over information about its customers. Kraken did not comply with the summons. In February 2023, within minutes of Kraken settling a claim with the SEC involving its staking services, IRS filed a petition with the North District Court of California to require Kraken to turn over information about its customers.

IRS stated it needed Kraken's information in order to determine if taxpayers had properly reported their income. On July 3, 2023, Judge Joseph Spero, a judge in the Northern District Court of California, ordered Kraken to turn over information about its customers. (This is similar to the situation with Coinbase a few years ago.)

As a result of the Court order, Kraken must turn over information for users whose transactions were more than \$20,000 over the course of a calendar year, including the user's name (and any pseudonyms), birthdate, taxpayer identification number, address, phone number, email address and a host of other documents. This is applicable for calendar year transactions for 2016-2020.

When IRS received the Coinbase information a few years, IRS contacted many of the Coinbase customers regarding unreported transactions. It is reasonable to assume the same result will occur with the Kraken information, once received.

Taxpayers who used the Kraken crypto exchange, and did not report all of the activities, may want to amend their returns before IRS sends them a letter.

Northern District Court of California, Case No. 23-mc-80029-JCS

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