LaTanya Bacon Q&A – Presented at OSU Extension Income Tax School Fall 2020

**Question:** Is Airbnb income subject to self-employment tax?

**Answer:** There are tax implications for both the company providing the platform and the individual performing the services. Special rules usually apply to rental property also used as a residence during the tax year. Taxpayers should remember that rental income is generally fully taxable.

This question has been elevated to the IRS Business Owner; however, I cannot guarantee a formal response.

See attached links that relates to residential rental property:

IRSTax Tip 2020-06: [Gig economy work can affect a taxpayer’s bottom line](#)

Publication 527: [Residential Rental Property (Including Rental of Vacation Homes)](#).

**Question:** What virtual currency transactions are reportable and where are they reported?

**Answer:** For federal tax purposes, virtual currency is treated as property. **General tax principles applicable to property transactions apply to transactions using virtual currency.**

Virtual currency transactions are taxable by law just like transactions in any other property.

See [Virtual Currency FAQs](#):

**Q2. How is virtual currency treated for Federal income tax purposes?**
A2. Virtual currency is treated as property and general tax principles applicable to property transactions apply to transactions using virtual currency. For more information on the tax treatment of virtual currency, see Notice 2014-21. For more information on the tax treatment of property transactions, see [Publication 544, Sales and Other Dispositions of Assets](#).

**Do I have income if I provide someone with a service and that person pays me with virtual currency?**
A8. Yes. When you receive property, including virtual currency, in exchange for performing services, whether or not you perform the services
as an employee, you recognize ordinary income. For more information on compensation for services, see Publication 525, Taxable and Nontaxable Income.

Q11. How do I calculate my income if I provide a service and receive payment in virtual currency?
A11. The amount of income you must recognize is the fair market value of the virtual currency, in U.S. dollars, when received. In an on-chain transaction you receive the virtual currency on the date and at the time the transaction is recorded on the distributed ledger.

Question: How do I monitor my CAF account?

Answer: Here are a few steps tax professionals can take to protect their CAF numbers:

- Make a data security plan and take sound security steps to protect all taxpayer data as outlined in Publication 4557 PDF, Safeguarding Taxpayer Data.
- Make an annual review of the firm’s third-party authorizations. Prior to filing season is a good time to review the list of clients represented.
- If the list includes clients who are no longer represented, fax a copy of the authorization form to the IRS CAF unit with the word “Withdraw” written at the top. Review Publication 947 PDF for details.
- Be aware of data theft signs, which include the receipt of tax transcripts for clients that you either did not request or taxpayers you do not represent.
- Contact the Practitioner Priority Service telephone line if (866-860-4259) the CAF number has been stolen, if there is suspicion it’s being misused or if transcripts are being received that were not requested.

Representatives may receive a list of their power of attorney recorded on the CAF by following the instructions for submitting requests at IRS.gov/FOIAguidelines and then clicking on “Sample CAF Client Listing Request.”

OSU Income Tax Schools
Fall 2020
https://go.osu.edu/taxschools