[Date]

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

RE: Opinion Letter Regarding Federal Income Tax Treatment of Cryptocurrency Transactions

Dear **[Client Name]**,

This letter provides our professional opinion regarding the federal income tax consequences of the cryptocurrency transactions conducted by you during the tax year **[Year]**. This opinion is based on the Internal Revenue Code, Treasury Regulations, and current IRS guidance, specifically IRS Notice 2014-21 and Revenue Ruling 2019-24.

Scope of Facts
It is our understanding that the transactions involved: **[Describe transactions, e.g., spot trading, staking rewards, mining, or hard forks]**. This opinion is based on the accuracy of the transaction history provided by you on **[Date]**.

Tax Treatment Analysis

1. Classification: For federal tax purposes, the IRS treats virtual currency as property, not as foreign currency. General tax principles applicable to property transactions apply to these activities.

2. Recognition of Gains/Losses: Each sale or exchange of cryptocurrency for fiat currency, goods, services, or other digital assets is a taxable event. The capital gain or loss is calculated by determining the difference between the adjusted basis (acquisition cost) and the fair market value at the time of the transaction.

3. Holding Period: Assets held for more than one year qualify for long-term capital gains rates. Assets held for one year or less are taxed at ordinary income rates.

4. Specific Issues: [Insert specific analysis for staking, airdrops, or specific complex trades here].

Conclusion
Based on the facts presented, it is our opinion that you should report a **[Total Gain/Loss Amount]** on your **[Form 1040, Schedule D]**. We believe there is "substantial authority" for this position under the current tax code.

Disclosures
Tax laws are subject to change. This opinion is limited to the specific facts provided and does not serve as a guarantee against IRS audit or adjustments.

Sincerely,

[Name of Tax Professional/Firm]
[Title]
[License Number]