



# Anneken, Huey & Moser<sup>PLLC</sup>

Certified Public Accountants

***Engaged. Responsive. Future-focused.***

Here's the Tax Beat broadcast for February 25

Subject Line: Charity, But Make It Miserable

If you ever wanted a case study in how the tax system can turn generosity into paperwork cosplay, this is it. Earlier this month, [The Wall Street Journal](#) revealed an IRS policy that makes crypto donors jump through appraisal hoops that feel less like “substantiation” and more like “how badly do you *really* want to help people?” The issue traces back to IRS Chief Counsel Advice 202302012, which says that if you donate cryptocurrency worth more than \$5,000 and want a charitable deduction, you generally need a qualified appraisal. The exchange price isn't enough. And if you skip the appraisal, the IRS can rug-pull your deduction.

Now, let's pause and appreciate the comedy. If you donate publicly traded stock, the market tells you what it's worth. Pretty straightforward. If you donate actively traded crypto, normal humans might think, “Well, there's the price.” The IRS response is basically: “Cute theory. Please go hire someone to tell you what the screen already told you.” Is that tax administration? Or is it a scavenger hunt?

The IRS memo's logic is technical, and technically technical is still technical. Crypto, the IRS says, isn't a “security” for this purpose, so it doesn't fit the exception that lets some property avoid the appraisal requirement. Therefore, no exception, no appraisal, no deduction. There's the law-school answer.

Here's the real-world answer: this is how you discourage small-to-midsize donors from donating crypto in the first place. Because the donor isn't comparing “donate crypto” to “donate stock.” They're comparing “donate crypto” to “eh, maybe I'll do this next year.” Add friction, add cost, add one more professional fee, add one more form with one more tripwire, and suddenly generosity starts losing to inertia. That's just reality. People are busy. If the government makes something annoying, fewer people do it.

And charities get caught in the middle. They want the gift. The donor wants the deduction. That would make everyone happy. Then the IRS butts in like a hall monitor with a whistle and says, “Before we allow kindness, we need a document signed in blue ink by the correct species of appraiser.”

I'm exaggerating a little. But not much.

To be fair, the IRS has a legitimate interest in valuation abuse. We all know bad actors exist, and “trust me, bro” isn't an approved appraisal method under the Internal Revenue Code. The government is allowed to ask for proof. But there's a difference between anti-abuse rules and anti-convenience rules. One targets fraud. The other makes ordinary compliance more expensive than it needs to be. This feels like the second.

And let's be real: the IRS already has enough credibility problems with taxpayers. When people see an agency reject a deduction because a taxpayer used a transparent market price instead of a paid appraisal for a widely traded asset, the takeaway isn't "what a nuanced statutory interpretation." The takeaway is, "These people would tax oxygen if they could meter breathing." That perception matters. Especially when we're talking about charitable giving.

So what should you do? First, don't wing it. If you want to donate crypto over \$5,000, treat this as a compliance land mine and plan for the appraisal requirement up front. Second, don't assume "reasonable cause" will bail you out just because the exchange price was obvious. The IRS memo specifically pours cold water on that idea. Third, use this as another reminder that smart tax planning is often less about cleverness and more about avoiding preventable own-goals.

America: where we applaud philanthropy, then hand it Form 8283 and a maze. We can help with all of this, of course. You know who to call!

Kevin

