



# PRAGER METIS



Digital Assets  
Tax Implications

Prager Metis works with individuals and different companies in the digital assets space, from an audit, tax, and advisory perspective, including a top-three global cryptocurrency exchange and one of the largest real estate tokenizations in the US, as well as serving a top-five Global NFT company.

As a leader in the digital assets industry, Prager Metis is constantly expanding, and our experts stay current with industry trends, such as NFTs and clients conducting transactions in the metaverse.

## FAQs FROM OUR ADVISORS

### **Q: Who should track NFTs transactions?**

A: Creators and sellers of NFTs are responsible for tracking tax liabilities

### **Q: What are the tax implications associated with the sale of NFTs?**

A: Sales of NFTs that were created lead to the creation of taxable income at the value of the asset collected

A: Other forms of income would be potential royalties or other forms of residual income in the future

### **Q: What costs are tax-deductible when creating an NFT?**

A: Transaction 1 – A deemed sale of the digital asset (capital gain, or loss, is generated)

A: Transaction 2 – A tax-deductible cost (the value of the digital asset transferred)

### **Q: What is the future outcome of sales tax of NFTs?**

A: Tax issues are not resolved. Considerations – Is the sale of an NFT subjected to sales and use tax?



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