

IRS Extends Digital Asset Reporting Relief Through 2026 Under Notice 2026-20

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The Internal Revenue Service (IRS) extended the temporary relief for digital asset–specific identification rules with the release of [Notice 2026-20](#), which builds on last year’s [Notice 2025-7](#) by continuing to permit taxpayers to make adequate identification of broker-custodied digital assets on their own books and records. This extension—now covering the full 2025–2026 period—reflects the IRS’s acknowledgment that many custodial brokers are still finalizing systems needed to accept and process specific identification instructions provided by taxpayers.

Thus, section 5 now describes what constitutes “adequate identification” for purposes of the temporary-relief period. As a result, taxpayers may continue using their internal records to determine which lots are treated as sold, even if the information differs from broker-reported data on Form 1099-DA. Alternatively, if a taxpayer has instead specified to their broker, no later than the date and time of the transaction, the particular units of the digital asset to be sold, disposed of, or transferred by reference to any identifier that the broker designates as sufficiently specific to allow it to determine the basis and holding period of those units (including by communicating a standing order to the broker), the units sold, disposed of, or transferred by the taxpayer are the ones specified by the taxpayer to the broker.

The IRS clarifies that this relief remains subject to the requirements of Revenue Procedure 2024-28 and does not alter broker reporting obligations. The full text of Notice 2026-20 is available on the IRS website: <https://www.irs.gov/pub/irs-drop/>.

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