



Digital Assets: From Crypto to Compliance

KPMG Information Reporting & Withholding
Tax Services

IRS Issues Final 2026 Version of Form 1099-DA

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On January 12, the Internal Revenue Service (IRS) issued the final 2026 version of Form 1099-DA, Digital Asset Proceeds from Broker Transactions. The final form remains unchanged from the draft version released in September 2025. Several notable updates introduced in the draft form, which were discussed in KPMG IRP e-Alert #2025-50, [here](#), have been carried forward into the final version:

- The form was updated to provide separate entry fields for each address component, aligning with the IRS's Information Returns Intake System (IRIS), which requires separate data fields (a change from the legacy Filing Information Returns Electronically (FIRE) system).
- The box 11c description has been updated to "Aggregate gross proceeds of specified NFTs attributable to first sales by a creator or minter". The previous wording for this box indicated that the amount of gross proceeds was also included in box 1f. In the Instructions for Recipient, the word "aggregate" has been added to clarify that box 11c should report aggregate gross proceeds from specified non-fungible tokens (NFTs) attributable to first sales.
- The Instructions for Recipients also add a note that boxes 1d, 1e, 1g, 1h, 1i, 2, 3a, 3b, 5, 6, 8, 9, 12a, and 12b may be left blank if the broker is reporting sales of qualifying stablecoins or specified NFTs using an optional reporting method.
- Instructions for box 1a, Code for digital asset, have been updated to clarify that DTIF stands for "Digital Token Identifier Foundation", correcting the earlier reference to "Digital Token Identification Foundation".

KPMG Observation

The IRS released an updated version of the 2025 Form 1099-DA instructions in June (May 30, 2025, revision). The updated instructions clarified that brokers using the optional method for reporting sales of

specified NFTs must file two separate Forms 1099-DA if reporting both gross proceeds attributable to first sales by a creator or minter and gross proceeds attributable to specified NFT sales that are not first sales. With respect to the form reporting on first sales, the total gross proceeds from those first sales should be reported in box 11c, and box 1f is left blank.

At the outset of the first Form 1099 DA reporting season, it should be noted that the IRS did not align the finalized 2025 form with the updated instructions. The description for box 11c on the face of the finalized 2025 form still implies that the aggregate gross proceeds reported in box 11c would also be reported in box 1f. This will likely lead to confusion as it directly contradicts the updated 2025 instructions, which, as noted, clearly state that box 1f is left blank when reporting first sales under the optional method.

As a reminder, with respect to sales and exchanges of digital assets during the 2025 calendar year, Notice 2024-56 provided general transitional relief from reporting penalties for any broker who does not timely and accurately file information returns and furnish payee statements, provided that the broker makes a good faith effort to comply with the reporting obligations.

Reference

For further information, see the final 2026 version of Form 1099-DA, [here](#)

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