

Checklist of Ways to Reduce Your Tax Liability

*This is an extra resource to go along with the original article:
[Where Does the Biden Administration Stand on Cryptocurrency?](#)*

Use the following checklist to avoid overpaying taxes and find ways to save.

❑ Use Crypto Tax Software

Crypto tax software, like ZenLedger, makes it easy to ensure that you properly account for every transaction across multiple accounts. That way, you can avoid overpaying taxes and ensure that you have a defensible audit trail in place.

❑ Harvest Your Tax Losses

Tax loss harvesting involves selling losing positions to realize the loss in the current tax year and then re-establishing the position in your portfolio. Unlike stocks, crypto assets aren't subjected to the Wash Sale Rule.

❑ Coordinate Your Portfolio

Investors that hold a combination of stocks, bonds, crypto and other assets should coordinate their portfolios to maximize their tax savings. For instance, tax loss harvesting can be coordinated between taxable portfolios.

❑ Use the Right Accounting Method

There are several different accounting methods that you can use to compute your capital gains and losses. In most cases, it makes sense to sell your longest held positions first in order to avoid short-term capital gains taxes.