Your 1099-DA Says $0 Cost Basis. Here's How to Fix It.

A plain-English guide for the 2025 tax year (filed in 2026). Use it with the Crypto 1099-DA Cost-Basis Fixer spreadsheet.

> **Education only, not tax advice.** This guide explains IRS forms in general terms. Your situation may be different. **Check with your own tax preparer or CPA before you file.** We are not tax professionals.

1. Why your form looks wrong

2025 is the first year crypto exchanges had to send the new **Form 1099-DA**. For sales in 2025, brokers had to report your **gross proceeds** (what you sold for). They were **not required to report cost basis** (what you paid).[1] So many forms show a blank or **$0** basis.

If you enter a $0 basis, your whole sale price can be taxed as profit. For example, you buy 0.01 BTC for $950, then later sell 0.004 BTC of it for $420. That part cost you $380, so your real gain is $40. With a $0 basis, it looks like a $420 gain.

2. What changes in 2026 (the phase-in)

Sales made in...	Proceeds reported?	Basis reported?
2025	Yes	**No.** Not required for any sale.[1]
2026 and later	Yes	**Only for "covered" assets:** crypto **bought in 2026 or later**, in a custodial account at that same broker, and kept there until it's sold.[2]
Crypto bought **before 2026**, or moved in from another wallet	Yes	**No** ("noncovered"). The broker may report it voluntarily.[2]

Bottom line: if you bought before 2026 or ever moved coins between wallets, you'll be rebuilding basis yourself for years. Keep your records.

3. Which Form 8949 box to use

The 1099-DA has a box called **"Applicable checkbox on Form 8949."**[1] It usually holds one of these codes:

- **G / J**: short / long-term, basis **was** reported to the IRS
- **H / K**: short / long-term, basis **was not** reported. *Most 2025 forms fall here.*[3]
- **I / L**: digital-asset sales with **no** 1099-DA at all (not box C or F)[3]
- **Y**: the broker doesn't know whether it's short or long-term. You work out the holding period yourself.[1]

Short-term means held **1 year or less**. Long-term means held **more than 1 year**.

4. How the adjustment works

- **Basis left blank on the form:** use box H or K and enter your real basis in column (e). You normally don't need an adjustment code.[3]

- **The form shows a basis, but it's wrong** (including a $0 for coins that cost you money): enter the correct basis in column (e) and put **code "B"** in column (f). The Form 8949 instructions describe how column (g) works.[3] *Ask your preparer to confirm.*

5. Rebuild your basis in 5 steps (with the spreadsheet)

1. **Gather records.** Download the full transaction-history CSV from every exchange (Coinbase, Kraken and others), plus records from any wallets you transferred from.
2. **List your buys** as "lots" on the *Buys (Lots)* tab: date, coin, quantity, and total paid **including fees**.
3. **Copy each sale** from your 1099-DA onto the *Sales* tab, then pick the lot it came from. Basis, holding period, gain/loss and the 8949 box fill in automatically.
4. **Check the wallet flag.** Column O says **CHECK** if a sale is matched to a lot from a different wallet or exchange than the broker that sent the 1099-DA. Add the lot under the right exchange, or ask your preparer.
5. **Check the Summary tab.** It shows "OK" if no lot was oversold. Hand it to your preparer, or type the totals into your tax software.

Starting in 2025, basis is tracked per wallet or account. You can't use a lot from one exchange to match a sale on another. The IRS gave a one-time safe harbor for assigning basis as of Jan 1, 2025 (Rev. Proc. 2024-28).[4] Ask your preparer whether it applies to you.

6. Common traps

- Forgetting fees. Fees on a purchase raise your basis.

- Transfers between your own wallets aren't sales, but the receiving exchange won't know what you paid.

- Coin-to-coin swaps (ETH → SOL) **are** sales.

- Staking rewards are generally income when you receive them, and that value becomes their basis.

- Keep this spreadsheet and your CSVs for at least 3 years.

7. When to pay for software instead

If you have **hundreds of trades, DeFi, bridges, NFTs or liquidity-pool positions**, a full tool (Koinly, CoinTracker, CoinLedger) or a crypto-savvy CPA is worth the money. This kit is built for the **simple majority**: a few exchanges, under about 100 sales, and mostly buys and sells.

Sources (checked Oct 27, 2026)

1. IRS, *2025 Instructions for Form 1099-DA*: "Brokers are not required to report basis information with respect to sales effected in 2025"; codes G/H/J/K/Y. https://www.irs.gov/pub/irs-prior/i1099da--2025.pdf
2. IRS, *Instructions for Form 1099-DA (2026)*: definition of covered security (acquired after 2025, in a custodial account, held there until sold). https://www.irs.gov/instructions/i1099da
3. IRS, *Instructions for Form 8949 (2025)*: boxes G–L for digital assets; don't use box C for

digital assets; column (f) codes. https://www.irs.gov/instructions/i8949
4. IRS, Rev. Proc. 2024-28 (wallet-by-wallet basis safe harbor). https://www.irs.gov/pub/irs-drop/rp-24-28.pdf
5. IRS, *FAQs about broker reporting*. https://www.irs.gov/filing/frequently-asked-questions-about-broker-reporting

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