TAXbit

NYDIG

Standardizing Crypto Finance

How NYDIG Attained Compliance
Within Volatile Digital Assets

Discover how NYDIG and TaxBit join forces to solve
crypto tax and accounting challenges, laying the
foundation for broader digital asset adoption.

NYDIG

NYDIG, a bitcoin company that fuses high tech with institutional-grade finance to usher in a new era of financial products, came to TaxBit with a need to move beyond a periodic tax reporting motion towards an end-to-end tax solution with near real-time APIs and centralized reporting capabilities.

THE CHALLENGE

Taxing troubles: Overcoming manual processes and complex cryptocurrency reporting obstacles

Before partnering with TaxBit, NYDIG had attempted a series of arduous and manual solutions in-house and faced the following challenges:

> Tedious, complicated accounting process for their core business

> Inadequate, periodic tax reporting for their clients

> A lack of a reporting system to manage GAAP-compliant gains and losses

> Uncertainties regarding the complex tax landscape in the cryptocurrency industry

NYDIG understood the big-picture scenario in the industry: regulatory and tax uncertainties, reputational concerns, and lack of infrastructure were top obstacles to institutional investment in cryptocurrency. Limited accounting infrastructure has hindered the crypto industry, as traditional ERP solutions need more support. High-profile failures in recent years showed the need for crypto-specific systems that integrate with existing ERPs.

> TaxBit helped NYDIG deploy key enhancements that reduced operational costs and increased customer delight in their Platform Solutions Group.
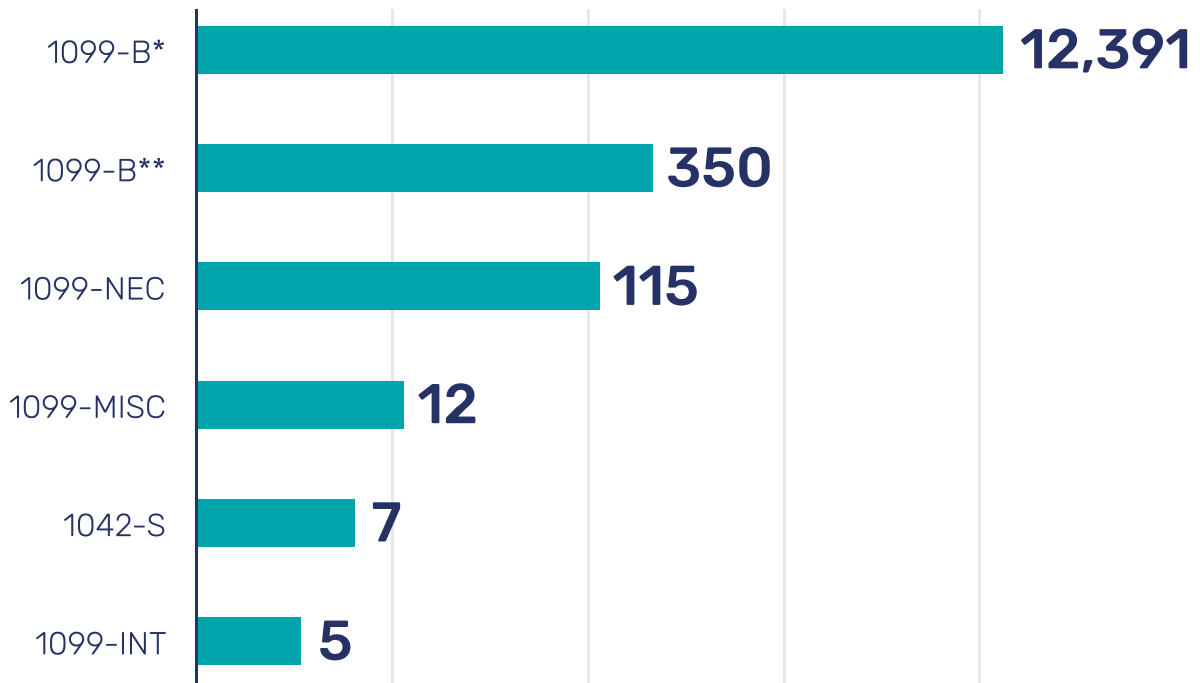
THE SOLUTION

TaxBit delivers end-to-end crypto tax and accounting compliance for NYDIG

TaxBit helped NYDIG deploy key enhancements that reduced operational costs and increased customer delight in their Platform Solutions Group. This API-focused offering enables clients to build rails for Bitcoin transactions, storage, loyalty programs, and more. By integrating TaxBit's near real-time transaction API and embracing a SaaS solution for Tax Compliance with the TaxBit Dashboard, NYDIG and their clients now have a single source of truth with permission-based access to view, update, and manage user and transactional data.

TaxBit's industry-leading end-to-end solution for tax and accounting includes:

› Delivering forms electronically and physically

› Filing forms 1099-B with the IRS and individual States

› Reconciling and validating a complex set of institutional data

› Verifying US Tax IDs for NYDIG's partners with the IRS TIN Match API

› Centralizing data, forms, and tax operations into the TaxBit Dashboard

› Creating near real-time data feeds for all transactional and user activities

› Generating 1099-B's, transaction summaries, and customized end-of-year tax packets for customers

Number of form types generated for NYDIG clients

Form type	Count
1099-B*	12,391
1099-B**	350
1099-NEC	115
1099-MISC	12
1042-S	7
1099-INT	5

* 1099-B's were generated for both Platform Solutions and Institutional Finance clients distinctly

NYDIG was also able to track 5M+ transactions, while accounting for the complexity of crypto assets, with features such as:

› Lot-level inventory tracking that manages their FIFO queues with auditor-friendly transparency and tracking

› Support for corporate tax filings across multiple legal entities and a consolidated parent company

› Tracking cost basis, impairment-affected book value, and fair value tracking for millions of crypto lots stemming from over 1M unique transactions

> **"**
>
> TaxBit arrived with a very clear conceptual model around how data should be captured, normalized, and used to deliver our required Tax and Accounting compliance capabilities. This strong perspective was unique amongst others we considered and a powerful accelerant for our product roadmap

John Dalby
CFO of NYDIG

THE RESULT

Combining tax and accounting for a future-proof and complete compliance solution

In an era where tax and accounting standards are swiftly evolving, TaxBit's end-to-end solutions enable enterprises like NYDIG to achieve complete compliance—today and into the future.

NYDIG surpassed their goals and achieved the following results:

✓ Successfully pass a Big Four audit

✓ Operationalize their year-end accounting process

✓ Implement an industrialized, evergreen tax reporting program

✓ Utilize a complete compliance solution
(that also includes accounting)

✓ Deploy key enhancements that reduce operational costs and increase customer satisfaction

✓ Accurately generate and file critical tax forms for a wide variety of companies and complex use cases

✓ Have a single source with permission-based access to view, update, and manage user and transactional data

For NYDIG and other industry leaders, this level of financial transparency and regulatory accountability are the keys to unlocking the **bright future of digital assets**.

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TaxBit's willingness to come to the table to build a joint roadmap, taking into account our learnings and experiences in 2022, delivered measurable improvements in operational efficiency and business value for us in 2023. There's a humble authenticity underpinning the true partnership we have with TaxBit.

John Dalby
CFO of NYDIG

Critical infrastructure for regulatory compliance

In an era where tax and accounting standards are swiftly evolving, **TaxBit's end-to-end solutions enable enterprises like NYDIG to achieve complete compliance**—today and into the future.

- **One platform:** Say goodbye to multiple processes, vendors, and solutions. Our singular platform ensures you have full control of customer data and processes.

- **API technology:** The TaxBit Platform automatically ingests, validates, and normalizes data processes for internal teams, external partners, and customers in real-time.

- **Certified experts:** Our team consists of CPAs, attorneys, IRS and FASB alumni, and Big Four partners who become a seamless extension of your team.

- **Real-time data:** Achieve unparalleled transparency for your tax information reporting teams and clients with real-time data calculations.

- **SOC-compliant:** Our system is safe and reliable with enterprise-grade security and an established SOC-compliant control framework.

- **Use beyond crypto:** Our modern technology is built for the complexity of digital assets, unlocking non-crypto use cases across broader finance, services, and technology.

Let's Talk