



Crypto services plan for professionals



Steps to incorporate crypto into your practice

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Determine your direction

Decide how crypto will be tackled; 3 primary options:

1. Allocate the crypto work to a designated person (easiest)
2. Learn it and handle it yourself (requires an investment of time, but is a straightforward option that can provide long term benefits)
3. Go degen; become a crypto specialist (this is close to a career shift, a riskier option but can position you as a first-mover)

The following is a unique option for those who are on the fence about crypto and may be looking at retirement within the next 3-15 years:

Hire a junior to handle the crypto, with the long-range plan that they will assume your clientele when you retire. How it could flow:

1. Assign them the role to handle all crypto-related work.
2. Introduce them to your clients as your assistant / partner, working collaboratively with them integrated into your client workflow and interactions.
3. Gradually increase their workload with your existing clients so that your existing clients build a trusted connection with them.
4. Start to point new clients to them directly.
5. When ready, arrange a practice buy-out so that you can phase into retirement during a 1-3 year period.

Benefits:

- They can handle the crypto clientele and use that as a way to expand your business by tapping into a new growth field, with the aim to provide revenue growth.
- You have an assistant who can cover some of the workload that you would like to delegate currently.

- You have a long-range method to build the connection between your clients and your new assistant / partner.
- You will be able to have time off from work and also take vacations with minimal interruption to your workflow or to the service for your clientele, as your assistant / partner can keep (most) of the work flowing in your absence.
- You have constructed a built-in retirement plan so you can sell your practice.
- You can emphasize quality client care as you transition into retirement, making the transition for your clients smooth and seamless.
- You offer a wonderful life-long career opportunity to a young professional.



Define your processes

Crypto transactions may have additional steps, or adjusted steps, to integrate into your existing processes

- How to take in new clients? (actions that otherwise would not apply to non-crypto clients, note-taking for compliance & disclosure)
- Amending prior years (a refined & systematic process for this can provide good revenue opportunities, especially since there are many crypto investors who will need to amend multiple years)
- Use of the T1135 & VDP (these can take more time and would be most efficient if handled systematically by someone who is familiar with them)



Outsource / insource

An essential element in successful crypto tax services is the crypto tax report

Software options to produce crypto tax reports:

1. Spreadsheets or generic tax software: These will work well for investors who have a small quantity of simple transactions
2. Crypto-specific tax software, without a bookkeeper's review: There are many packages available that will serve you very well for investors who have transactions that do not fall into the category of unique or are not complex, and that have been performed exclusively on the major crypto platforms, most especially those that are based in Canada and the U.S.
3. Crypto-specific tax software, with a bookkeeper's review: The crypto tax packages are being constantly improved, but at this point unfortunately there are no packages available that will cover all the platforms, chains, transaction types, and be assuredly accurate. It is quite likely that an experienced crypto bookkeeper will use the output from one of these packages as a starting point, and then work through a series of checks and amendments to ensure that the report is correct.

Who will produce the reports? Options:

1. Your client: This will be fine as long as the client is reasonably tech-savvy and that you can gain assurance that they have not missed any details that would affect the output.
2. In-house: Creating reports in-house would be a good option if you can assign that role an individual who is personally enthusiastic about crypto and who spends time regularly on crypto platforms, being immersed in the cryptosphere themselves. Additionally many tax-firms consider the cost-benefit comparison of such an arrangement.

- a. Pro tip: The large national and international firms are likely to take on this work in-house, whereas most localized professional firms do not find it beneficial to create this service in house. Creating a role for this function is resource intensive, does not provide the assurance and support that comes from working alongside colleagues in the same role or having a supervisor to double-check complex situations, and investing in a single individual to become a dedicated expert contains the risk of turnover.
3. Outsource: For reports from a mid to upper level of complexity, it is advisable to farm out the report creating to an individual or company who have full-time specialists who are: 1) familiar with the intricacies of crypto taxation and 2) who are experienced such that they will spot any of the pitfalls that can cause the crypto tax report to be inaccurate, and 3) are personally involved in crypto quite substantially, allowing them to stay abreast of developments and the many nuances on the crypto platforms that will affect tax reporting.



Prepare yourself

Become familiar with and knowledgeable about all-things crypto

- Learn the crypto terminology
- Explore the crypto products & platforms
- Gain experience by doing transactions yourself (pro tip: have an experienced person with you, it's all too easy to make a catastrophic mistake)
- Become familiar with the transactions that are unique to crypto
- Join a crypto-based group, in-real-life or online

Culture & community

- Understand and adopt the culture - many crypto investors reflect a culture that is very personal, sometimes verging on anti-traditional, while respecting and seeking someone who has top skills; this can affect dress code, manner of speech, and how to relate to them
- Be part of the community - "being one of them" is key; do you have a favourite platform, a favourite crypto? Do you have a preferred strategy, are you aware of the trends?



Prepare your team

Help your team to welcome and attract crypto users

- Create your in-house protocols (how to bring up crypto with clients when they arrive, on calls, and during tax discussions)
- Determine a level of knowledge you would like your team to have; after they are informed and educated they will have the boost they need to talk crypto with clients



Create awareness

Awareness = growth

Do you want to make the marketplace aware that you are serving crypto investors? (this can position you as a first mover and draw people to you who are looking, or who will be looking at some future point in time). If yes...

How will you raise awareness in the markets you want to connect with?

What markets do you want to connect with? Options:

1. Professional referrals
2. Web-based (no geographic limits)
3. Country-based (likely very effective and practical)
4. Local to your office area (very effective; despite the online trends, people love working with an individual who is local, they love the connection that is made via an in-person meeting, loyalty is enhanced when working with local clients, the possibilities for referrals and community awareness is enhanced)

How will you raise awareness with your existing clientele (there is the possibility that you have clients already who need to file and amend prior years, there is the added benefit that you already have a trusted relationship with them, and you can implement soft approaches to gain referrals as they likely have friends who trade crypto as well)

Ideas:

- Signage in your welcome area: We welcome crypto investors
- Signage or paraphernalia in your personal office or meeting room (crypto investors will notice and they'll ask about it)
- Host an in-real-life or online Q&A session, optionally with a guest speaker

- Make connections with individuals who may be able to collaborate with you on client work and also in promotional or educational events
- Make connections with professionals who may be able to refer clients to you (most especially tax lawyers)
- Make mention of crypto on your website
- Include crypto in your education and promotional methods (newsletters, emails, blogs)
- Create your own in-house “crypto tax services” brochure that can be in a dispenser in your waiting area and also published on your website
- If you are going full degen: there are already accountants out there who wear crypto-branded attire in their office and who have crypto-based art on their office walls; how far you take it is up to you!

Enjoy your journey into the cryptosphere!

- The Crypto Records team

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