

The Ultimate Guide to Bitcoin for Beginners

 www.apogeeinvent.com/blog/C/2017/11/27/The-Ultimate-Guide-to-Bitcoin-for-Beginners

Your cryptocurrency questions answered.



Is Bitcoin a scam? What is cryptocurrency? How do people use coins? What is an ICO?

Read on for these and other answers to all your basic questions about bitcoin and cryptocurrency.

Lately we've been talking a lot about bitcoins since we've started accepting this cryptocurrency as payment from our clients, and have built our eCommerce software to include this currency as a payment option so our clients can also begin accepting bitcoin and paying distributors using bitcoin.

We feel there are strong benefits for both small business and network marketing industries to have the option of using bitcoin.

Several people have responded with "bitcoins have no value", "its all hype", "it's a scam", or "its too good to be true" type of statements. It is easy to mistrust bitcoin because it is new, unregulated, and challenges our established concepts of currency. But change is a necessary part of the evolution of our world, and I believe cryptocurrency is change driven by the Internet and our increasingly globalized economy.

Like the Internet or a car, you don't need to understand bitcoin to use it. But by being more

educated, it might help build trust in the evolutionary currency. I thought it would be worth my time to talk a little more about bitcoins--and cryptocurrency in general--and clear up some of the confusion.

What is a bitcoin?

Bitcoin is a digital currency (also called crypto-currency) that is not backed by any country's central bank or government. This form of payment first came into use in 2009 and has been growing in popularity due to its ease of international use. The 150 billion dollar cryptocurrency market has jumped over 350% just since the beginning of this year.

Let's start with a simple explanation, one a five-year-old could understand.

I have an apple. I give it to you. We both know without a doubt that the apple is now in your possession.

What about a digital apple? If I send it to you, how do you know I didn't send a copy to someone else?

We could keep track in a ledger. But couldn't someone make changes to that ledger? Not if that ledger was open source, and thousands of people had the ledger themselves. And every time another exchange is made, it is checked against all of the thousands of ledgers held by people all over the world. It would be very difficult to cheat the system, right?

That is how bitcoin works. Every transaction is checked against the thousands of ledgers held by people all over the world. And the people who are verifying these transactions earn a fraction of bitcoin for their work. [Nik Custodio](#) summarizes it perfectly in his article "Explain Bitcoin Like I'm 5":

"So, did you see what happened? What does the public ledger enable?

1) It's open source remember? The total number of apples was defined in the public ledger at the beginning. I know the exact amount that exists. Within the system, I know they are limited(scarce).

2) When I make an exchange I now know that digital apple certifiably left my possession and is now completely yours. I used to not be able to say that about digital things. It will be updated and verified by the public ledger.

3) Because it's a public ledger, I didn't need a third-party to make sure I didn't cheat, or make extra copies for myself, or send apples twice, or thrice..."

Read this explanation in more detail in [Free Code Camp's post on Medium](#), it is much more entertaining than my summary of his excellent description of bitcoin.

The explanation above is a simplified description of how the blockchain works.

What is a blockchain?

The blockchain is the true genius behind bitcoin. Here is a [quick video that shows how a blockchain works](#) and why it has such value.

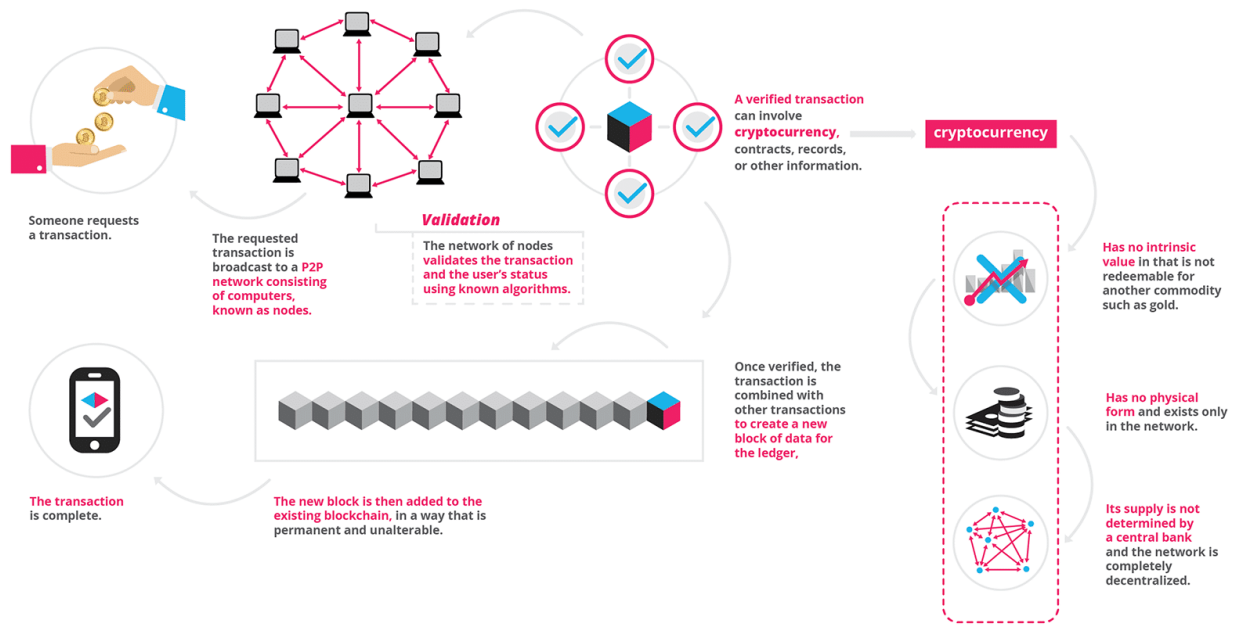
According to authors Don and Alex Tapscott of Blockchain Revolution, “The blockchain is an incorruptible digital ledger of economic transactions that can be programmed to record not just financial transactions but virtually everything of value.”

This is the network of ledgers we talked about above in our apple example.

Picture a spreadsheet that is duplicated thousands of times across a network of computers. Then imagine that this network is designed to regularly update this spreadsheet and you have a basic understanding of the blockchain.

Information held on a blockchain exists as a shared — and continually reconciled — database. This is a way of using the network that has obvious benefits. The blockchain database isn't stored in any single location, meaning the records it keeps are truly public and easily verifiable. No centralized version of this information exists for a hacker to corrupt. Hosted by millions of computers simultaneously, its data is accessible to anyone on the internet.








I've included a little infographic below for you visual learners.



Source

What is cryptocurrency worth?

As of the writing of this blog, 1 Bitcoin has spiked to over 10,000 USD, nearly double its value a few weeks ago. Just like a dollar can be divided into cents, a fraction of a bitcoin can be sent.

	CRYPTOCURRENCY	PRICE	MARKET CAP	24H CHANGE
1	 Bitcoin	\$ 10,034.11	\$ 167,636,151,929	3.31% ↑
2	 Ethereum	\$ 473.21	\$ 45,431,943,686	1.85% ↓
3	 Bitcoin Cash	\$ 1,568.63	\$ 32,941,158,956	4.96% ↓
4	 Ripple	\$ 0.270	\$ 10,438,909,531	7.64% ↑
5	 Litecoin	\$ 92.27	\$ 4,986,016,976	1.16% ↑
6	 Dash	\$ 619.15	\$ 4,777,175,801	1.83% ↓
7	 IOTA	\$ 1.25	\$ 3,474,976,613	29.64% ↑

Source

Bitcoin is by far the most popular cryptocurrency, but it certainly is not the only one. There are many coins, and some are quite different from bitcoin, such as ethereum, which is an actual platform and not just a digital currency.

I won't get into that here. But the value of the currency is related to the scarcity, as it must be generated by these complex mathematical problems that requires significant resources. A number of factors play a role in the difficulty of mining a coin, and the expenses involved. You can read more about mining and [even calculate your own expenses](#) if you're interested in learning more.

The value of cryptocurrencies, particularly bitcoin, are at an amazing high and continue to climb. At the same time, the cost of mining the coins are also increasing astronomically.

This leads us to our next question:

How can the average person use cryptocurrency?

Getting Bitcoin

In a recent conversation about bitcoin, I was asked "So if Bitcoin is worth so much, and mining it requires expensive hardware, is there a way for the average person to use it?"

The answer is yes.

You can accept bitcoin as payment from others for goods or services.

For the average person using cryptocurrency is as easy as:

Get a digital wallet to store the currency. There are many different wallets to choose from, you can [see a list of most trusted ones here](#)

Use the wallet to create unique “public addresses” to receive currency.

Transfer funds in or out of your wallet using public addresses.

What is a cryptocurrency public address? A public address is a unique string of characters used to receive cryptocurrency. Each public address has a matching private address that can be used to prove ownership of the public address. With Bitcoin the address is called a Bitcoin address. Think of it like a unique email address that people can send currency to as opposed to emails.

You can join a cloud mining group.

Be cautious about what group you join. Some groups require you to pay a fee, but do not actually have any mining equipment, and are just ponzi schemes trying to get your money. There are legitimate mining sites. For example, [Genesis Mining](#) has been around long enough to prove it is not a scam. However, make sure you do your math to make sure you'll make a profit before joining any of these cloud mining sites.

Try mining for Altcoins.

The days of making some fast money off bitcoin are over. But there are many Altcoins popping up that can be mined for cheap and have huge growth potential. Again, proceed with caution here. Some coins never take off in value, while others are genuine scams (I'll talk more about this later.) If you're interested in learning more, [CoinChoose](#) is a great site that breaks down different Altcoins and their mining difficulty.

A few examples of good Altcoins are Litecoin, Dogecoin, and Peercoin.

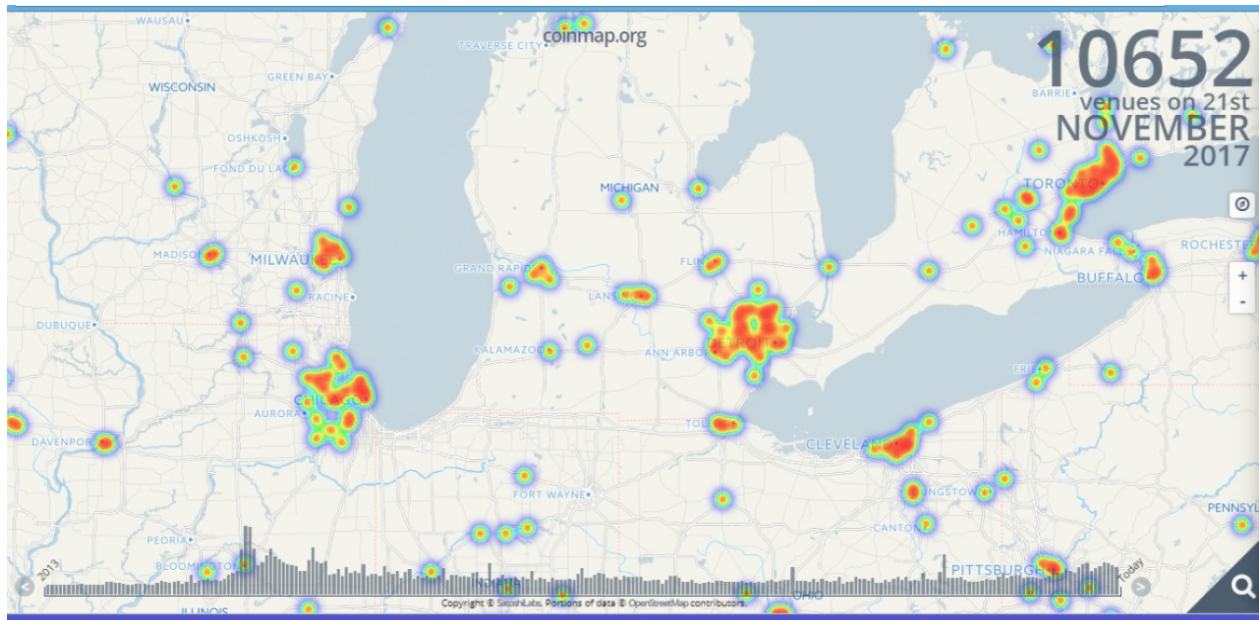
How do you spend your coins?

If you acquire bitcoins or other cryptocurrency through investments or mining, you can't go and spend it at Amazon.com. The places that accept cryptocurrency are still limited, but growing quickly.

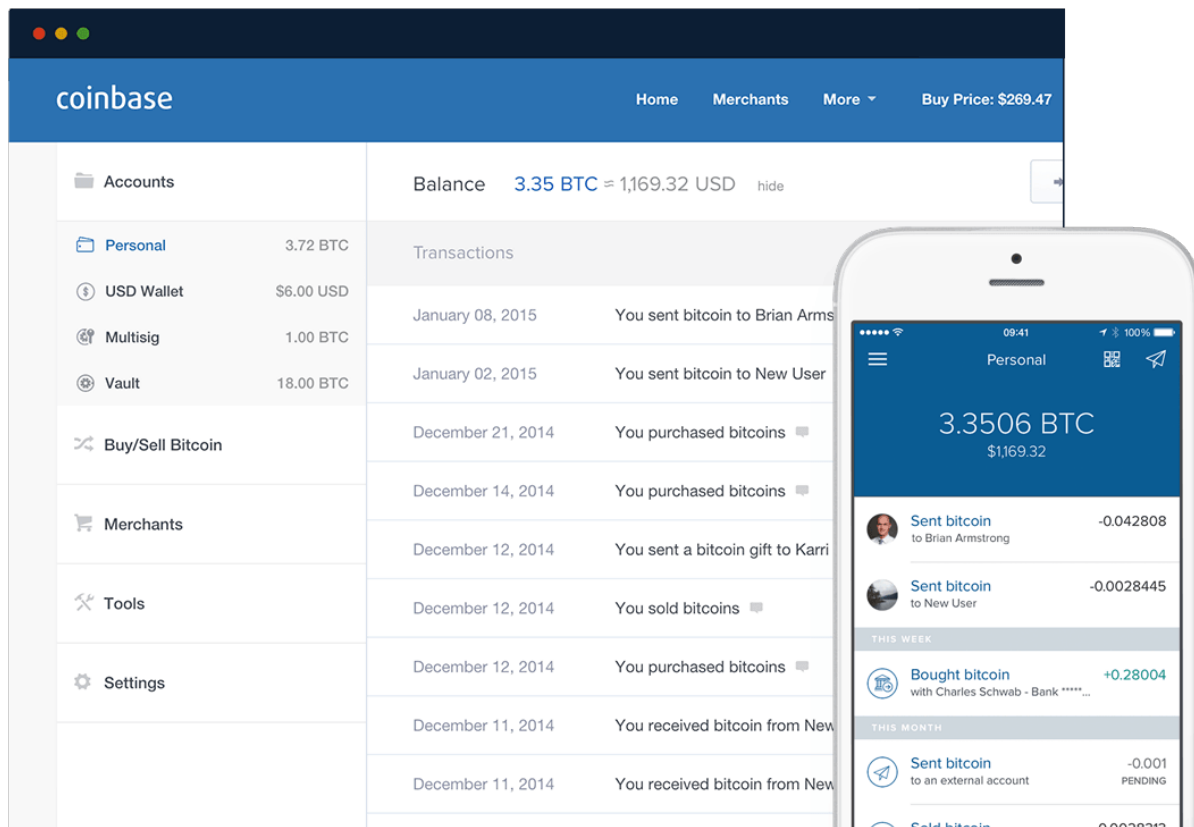
(Although we accept it here! And our software will allow you to accept it, too. Ask us how.)

Some of the places that allow you to spend your bitcoins include Overstock.com, Expedia, and Microsoft. [Check out this list of places you can spend your bitcoins](#)

Or, you can see a [visual map](#) of your local area showing merchants accepting bitcoins.



Many people are using coins / tokens like bitcoins as an investment and cash out using trusted digital asset brokers like [Coinbase](#).



Now that we understand what a bitcoin is a little better, let's talk about some of the ways people are using bitcoins that are making people, and nations, nervous: The ICO.

Initial Coin Offering (ICO)

One aspect of cryptocurrency that has created some controversy in the industry is ICOs. Because of the volatile nature of ICOs and cryptocurrency, China recently banned them. Although according to a recent article by Forbes, China's bitcoin ban is no match for the blockchain currency, which has bounced back in record time.

What is an ICO and how is it related to Bitcoin and other cryptocurrencies?

ICO



Its a bit like a mix between an IPO and Online Crowdfunding, but for Cryptocurrency.

An Initial coin offering (ICO) is an unregulated and controversial means of crowdfunding via use of cryptocurrency, which can be a source of capital for startup companies. In an ICO a percentage of the newly issued cryptocurrency is sold to investors in exchange for legal tender or other cryptocurrencies such as Bitcoin.

The term is compared with 'token sale' or crowdsale, which refers to a method of selling participation in an economy, giving investors access to the features of a particular project starting at a later date. ICOs may sell a right of ownership or royalties to a project, in contrast to an initial public offering which sells a share in the ownership of the company itself.

According to Amy Wan, a partner at Trowbridge Sidoti LLP practicing crowdfunding and syndication law, "The coin in an ICO is a symbol of ownership interest in an enterprise—a digital stock certificate, if you will."

As you can probably guess, an ICO is similar to an IPO, but in temporal reverse (sort of). Although confusing, it has recently acquired prominence as a favored way to launch a new cryptocurrency.

But as is typical of emerging cryptoproducts, there are legal questions and unethical players in the mix. Let's talk more about the role an ICO plays in the current cryptocurrency market.

ICO basics

An ICO is a fundraising tool that trades future cryptocurrencies in exchange for cryptocurrencies of immediate, liquid value (like bitcoin). You give the ICO bitcoin or ethereum, and you get some of Joey's New Super Great Coin.

The Financial Times calls ICOs “unregulated issuances of cryptocurrencies where investors can raise money in bitcoin or other [cryptocurrencies],” which is accurate, especially if you underline the word “unregulated.” We’ll get to that in a moment.

Sticking close to the older financial publications, The Economist also took a look at the financing mechanism, describing what you buy in an ICO in the following fashion:

ICO “coins” are essentially digital coupons, tokens issued on an indelible distributed ledger, or blockchain, of the kind that underpins bitcoin, a crypto-currency. That means they can easily be traded, although unlike shares they do not confer ownership rights. [...] Investors hope that successful projects will cause tokens’ value to rise.

The referenced value increase is critical to understanding the appeal of ICOs. These are not transactions of love. They are investments made in hopes of quick, strong returns.

Many ICOs will ask for Bitcoin (or other established cryptocurrency) in exchange for whatever coin they are launching as part of their ICO. As bitcoin prices skyrocket, investors are turning to ICOs as a way to make faster returns. Many are using fractions of bitcoins to invest in these new coins that have the potential to grow at faster rates than the bitcoin.

“It wasn’t very long ago that bitcoin felt nascent, laughable and small. In the ensuing years, bitcoin has matured, become far less risible and grown massively.”
– Alek Wilhelm, TechCrunch

In April of 2017, over 250 million had already been invested in ICOs.

Some analysts are predicting that countries will find ways to regulate these ICOs, making these hot investment tools even more reliable and commonplace.

Right now, however, it is up to the individual investor to do the research and use a heavy amount of skepticism when getting involved in an ICO, or investing in any kind of new cryptocurrency. Because, obviously, not everyone involved in this industry is an upstanding individual.

That leads me to our next topic, and the one you’ve been waiting for...

Are there Bitcoin / cryptocurrency scams?

The answer is unequivocally yes. Just like there are scams involving the US dollar, and other traditional forms of state-backed currency.

In the same way the thousands of dollars of fake currency are used to trick people and businesses every year, false bitcoin companies talk a big game and then leave with people's hard-earned money without ever mining a coin.

How can you protect yourself from a scam?

Research, research, and more research. Talk to people involved in the cryptocurrency community. What companies do they recommend? What have been their experiences with those companies? If you can't find an individual to speak with about a certain company, it might be best to steer clear.

Play it safe, particularly if you're just starting out investing in cryptocurrency or getting involved in a company using cryptocurrency, like an MLM.

CryptoBlogger recommends that as part of researching a potential new coin to invest in, consider the important question of "Is there a purpose for this coin? Pick ones with the most future potential or best potential application."

In a CoinTelegraph article, Angelina Lazar, a rogue economist, ideologue and cryptocurrency revolutionary, advises anyone who intends to join a company that acquires or invests in any altcoin, to first seriously research what the cryptocurrency is, then study all the aspects of the coin itself.

One example a altcoin scam: OneCoin

For Angelina Lazar, OneCoin takes the day as the current number one scam coin in the world. Lazar became popular for her war on OneCoin in recent years.

One common position adopted by the propagandists of OneCoin in recent times is the claim that OneCoin is not a cryptocurrency yet. This argument always seems to arise as soon as they realize that their product does not possess the fundamental characteristics of a genuine cryptocurrency. How these followers tend to pursue the cause of OneCoin like a religion is a development that is becoming a subject of keen interest.

To this effect, Lazar points out that the leaders at OneCoin have not relented in making efforts to convince their followers around the world that they are now going public.

She explains to Cointelegraph:

“Which exchange on the planet besides Nibiru would take that company public when their whole management team is being investigated and their CEO is both on bail and on probation simultaneously. That's two different cases in two different countries, mind you. And when they have not one bank account in their name and even all their tertiary accounts which they used for money-laundering in various other names were all shut down as well?”

Other noticed scams: S-coin, OneCoin surrogate, and EarthCoin

Besides falsifying ICOs and taking investor's money without ever launching a coin, other scams involving cryptocurrency include:

False Ads

When a new ICO is about to launch, scammers will take out paid ads on Google or other search engines. Investors will click on the ad and are taken to a website that is an identical copy of the actual ICO's website. The scammers offer their bitcoin address where investors can send bitcoins to invest in the new ICO. Unwary investors will then send their bitcoin investment to the scammers, instead of actually investing in the ICO.

Investor CryptoBlogger tells of an experience in which he was talking to a friend about sending his investment, when the friend told him the ICO wasn't accepting payment yet. Cryptoblogger had clicked on a false ad and gotten the wrong bitcoin address, almost sending his investment to the wrong address and losing out completely.

Check and recheck your information when investing in ICOs. Network with other investors so you can compare notes and experiences.

Cloud Mining Scams

I mentioned this briefly above. Some companies offer a buy in on mining currency, to cover the costs of mining and a nominal fee. However, some of these companies, particularly the ones showing high profits, may likely not have any mining equipment at all and are just elaborate Ponzi schemes.

As with any aspect of this industry, do you research and implement a healthy dose of skepticism before investing in any cloud mining.

What do major successful investors say about bitcoin?

Most major investors agree that the bitcoin market is extremely volatile. What they can't agree on is whether the bitcoin rise is merely a bubble, or a major player to watch in the investment world.

While billionaire investors shouldn't necessarily drive all your investment decisions, it is helpful to hear from some of the most successful people in the world and use their advice as a guide.

Mark Cuban, Shark Tank Star, Billionaire Investor

"I think it's in a bubble. I just don't know when or how much it corrects," tweeted Cuban. He went on to mention that when everyone is bragging about making easy money, it's a sign of a bubble. When I think back to the tech bubble of the late '90s, or especially to the housing bubble of the mid-2000s, this certainly makes sense. "Everyone always thinks that this time is different," Cuban added.

While Cuban was tweeting his comments over a span of about an hour and a half, the price of bitcoin noticeably fell. The billionaire felt that this was further proof of his point, and tweeted a few hours later: "You know it's a bubble when a random twitter thread bounces the price."

On the other hand, Cuban also praised blockchain, the underlying technology behind bitcoin. "I think blockchain is very valuable and will be at the core of most transactions in the future," tweeted Cuban. "Healthcare, finance, etc all will use it."

<https://www.fool.com/retirement/2017/06/15/what-3-billionaires-think-about-bitcoin.aspx>

Warren Buffet, Oracle of Omaha

As a notably wise and respected investor, many of us want to know Warren Buffet's opinion about Bitcoin. Perhaps in his great wisdom, Buffet has refrained from commenting much on the issue in recent years. In a 2014 interview with CNBC, he advised investors to avoid bitcoin, comparing it to writing a check or sending a money order. Maybe in recent years he's changed his mind, or he is waiting like the rest of us to see where this strange new world of currency takes us.

Richard Branson, Billionaire Entrepreneur

The billionaire investor who started the Virgin Group is well-known as one of bitcoin's biggest proponents. He's referred to blockchain as an "economic revolution".

At last year's Virgin Disruptors event in London, Branson specifically mentioned a potential application of using the blockchain to create a better land titling system. He mentioned that in developing countries, land titles are frequently forged or taken from the rightful property owners, and said that a blockchain-based solution could solve this problem once and for all.

Branson has held an annual "Blockchain Summit" on his private island for the past two years, which has resulted in several new ideas and partnerships.

In regards to bitcoin as a currency and whether or not it will work, Branson replied "Well, I think it is working." However, Branson also acknowledged the currency's volatility, and that

other similar currencies could emerge that "may be even better."

What are people's experiences with bitcoin and bitcoin mining?

We've heard what billionaires think. What about average people like you and I?

Andrew Frey, Creative Director / Graphic Artist, part-time bitcoin miner

I started mining in 2012. I've always had an interest in hardware, and I'd read an article somewhere that spoke of bitcoin as a viable alternative to standard banking, and how it was generated by the power of the hardware I'd already invested in.

For a few months I mined bitcoin exclusively and made the (now very unfortunate) decision in selling 93 bitcoin for a very paltry sum of cash. \$2.13/btc. The market had crashed and alt coins were on the horizon so I thought at the time I'd been cutting my losses.

If I only knew, right?

I kept mining as a bit of a side hobby but nothing serious for the next couple of years.

I got back into crypto mining with etherium in early 2016, merely to test the new computer I'd built for work. And have since mined ETH, LTC, XMR, and XRP. Depending on the current difficulty I adjust what I mine.

I've also got an antminer that mines exclusively for bitcoin (BTC), however the difficulty to mine BTC really has made that more of a side-tracked type of hobby.

It's a fun little hobby I can do with being a single dad and everything. It's fun to follow the market, and watch my hardware generate revenue while I'm not using it for work.

The financial side of things is a little weird on my deal here. I work from the hardware as a priority. So aside from the dated antminer, I'm normally only mining when I am not sitting at my desk working. As of right now I'm sitting on a small portfolio of 3,395.72 worth of crypto. While that number may seem small, I have actually already reimbursed myself the entire cost of my hardware, and I pay my electrical bill every month directly from my crypto reserves as well. So the \$3k is a true total profit.

I was able to profit more than most would be able to by mining on a small scale, merely because I take interest in watching the values of crypto rise and fall. I trade my crypto using coinbase <https://www.coinbase.com> (primarily), and tend to trade into smaller coin (i.e. I use the 'Buffet Rule' and split my investments).

When I see a dip in a smaller coin that I know isn't as easy to mine (such as XMR) I grab a couple using my bitcoin reserves as a bank account of sorts. If a smaller crypto such as XMR can be bought at \$120, and grows by \$10, the rate of return is much greater than if I left it in Bitcoin and had just a small fraction of a bitcoin that raised by \$100 at full coin increments.

For example, a few months ago I was able to grab XRP (ripple coin) for under 5 cents. I bought 300 of them for \$16 in BTC after fees. Today that same coin is worth \$.20 so I've gained a 400% return on that investment, even though the currency isn't nearly as well known.

I was able to see that ripple wasn't mined as frequently as other crypto currencies, while at the same time it was lining up to be supported by many large platforms on the same week that an Ether and Bitcoin major network change was going into effect.

Trusting that people would get nervous of a possible price fall on BTC and ETH I bought a few smaller coins thinking that others would later do so in order to easily take a backseat in case BTC or ETH took a fall on the network change.

Anyhow, I do it as a hobby really. It pays for my toys, and it's enjoyable without much financial worry.

I don't have a lot of intelligent stuff to say about the opinions aside from it being fun to invest in, and simple. I think the market will be forced to see crypto as a viable currency for online purchases much faster than people expect, and I'm just happy to be somewhat ahead of the curve. For a single Dad, having one less bill a month and a bunch of hardware paying for itself is incentive enough, having an extra \$3k that I wouldn't normally have is even better, haha.

CryptoBlogger, Computer Engineer and Cryptocurrency Investor / Trader

“In 2010, a client of mine asked about getting into bitcoin mining. After we spent some time researching it, we decided against it. Do I ever wish I would have...

I had a lot of the same concerns that many people bring up now when we discuss my involvement in cryptocurrencies. How do you trade an intangible produce? And if it is digital, can't someone just make more of it, and devalue it?

Because of the complicated nature of digital coins, and the questions like the ones above, many people involved in the industry are brought in by someone they trust. In January of 2017, I had a friend who was really into Ether. He kept sending me screenshots of his investment rising astronomically, and I decided to take a shot at it.

It takes a little time to get set up with a wallet and connect it to your bank account, which can be another barrier for people getting started. By the time I invested in May from the time I had made the decision to invest, the value of ether had climbed another 100% or so.

Over the next few months, I've gotten heavily involved in investing. I spend 24/7 reading and researching about coins. You can't make quick money anymore just investing in bitcoin, so we diversify and invest in smaller, new coins or ICOs. It can be hard to follow every new coin out there, so I work together with a few friends and we split the work.

The most important thing about investing is doing your research. Be careful, but be ready to take some risks.

As much research as I do, I've gotten scammed. I've invested in an ICO that was purely a scheme and the people took our money and closed up shop, as far as we could tell. And there have been other times I've almost sent my bitcoin to scammer posing as a legit ICO. Unfortunately, you can't get your money back once you've sent it to an address. I even had a buddy who just mistyped an address and sent his bitcoin money to someone else.

The good news is that even though I've lost some money, I've made more than enough to cover these losses and still come out way ahead."

CryptoBlogger's claims his success is from following this advice:

Do your research.

Consider the usefulness of each coin.

Diversify.

Be ready to take risks.

Don't wait to get involved. It will cost you.

You can follow CryptoBlogger's journey with cryptocurrency investing on [his blog](#) or his [Instagram](#).

Joseph Frazier, ApogeeINVENT CEO, Computer Scientist

Money is about to get more interesting folks. When I first really dug in and realized what bitcoin was, I immediately knew that this is a game changer. Technology is one of the primary forces of change, and something this revolutionary cannot be suppressed.

Just recently a friend, David, personally introduced me to EOBot and Cloud Mining of Cryptocurrency, and I could tell by his passion for this topic that I might have a lot to learn from him. I've been hearing about various Cryptocurrencies, especially Bitcoin, for a while now and I had considered the general idea to be intellectually stimulating. Needless to say it didn't take much encouragement from David to kickstart my desire to dig in and figure out what all this Crypto stuff is about.

Straight up, I really don't know what the heck I am doing. I honestly am just figuring this out on my own and with friends as I go forward. I think if we work together we might just have a shot of doing something at least, and hell at very least we might all learn something.

I am very clearly promising you nothing, you may lose everything you invest, and especially if you're like most people. I've been buying stock for years and I tell my friends "First off I recommend you learn how to not lose money before you even think about making money" and they all look at me funny like they don't think I'm serious, but I'm very serious. I've bought a lot of boogie stocks, and I've thankfully bought enough good ones and at the right times that I've done well enough for myself. So, if you don't know what you're doing, you're probably gambling, and if you do know what you're doing I can't say because I don't know what I'm doing. Perhaps you could offer suggestions to me so I can learn from them and share them if I find them valuable.

How is bitcoin taxed?

I was asked this question, so I thought it would help to understand that the US government does recognize digital currency.

Currently, in the United States, bitcoin and other cryptocurrencies are classed as property, and are taxed as such. "Every bitcoin transaction is taxable," writes Tyson Cross, a tax attorney who specializes in virtual currencies. "Bitcoin users will have to calculate their gain or loss every time they purchase goods or services with bitcoin."

Here's What the IRS Has to Say

Definitions:

"Virtual currency is a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value."

Virtual currency "does not have legal tender status in any jurisdiction."

"Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as 'convertible' virtual currency."

"Bitcoin is one example of a convertible virtual currency."

"Bitcoin can be digitally traded between users and can be purchased for, or exchanged into, U.S. dollars, Euros, and other real or virtual currencies."

Tax Treatment:

"For federal tax purposes, virtual currency is treated as property. General tax principles applicable to property transactions apply to transactions using virtual currency."

"A taxpayer who receives virtual currency as payment for goods or services must, in computing gross income, include the fair market value of the virtual currency, measured in U.S. dollars, as of the date that the virtual currency was received."

"Transactions using virtual currency must be reported in U.S. dollars" on the tax return.

"Taxpayers will be required to determine the fair market value of virtual currency in U.S. dollars as of the date of payment or receipt."

"If a virtual currency is listed on an exchange and the exchange rate is established by market supply and demand, the fair market value of the virtual currency is determined by converting the virtual currency into U.S. dollars ... at the exchange rate, in a reasonable manner that is consistently applied."

Source: Notice 2014-21 ([pdf version](#) | [Web version](#)), IRS.gov.

Future potential for bitcoin.

Is bitcoin a bubble? Perhaps. Anything growing this fast must slow down eventually. I believe it is beginning to naturally slow itself down, as the value has gotten so high that investors are less likely to purchase large amounts and are focusing on new coins and ICOs as a way to get money quickly.

I can't predict the future of bitcoin. I'll leave that to the experts. I will leave you with a few points:

1) Banning bitcoin in one of the world's largest economies, China, did NOTHING to slow down its growth, and it is now at a record high as I type this blog. Countries, politics, borders... all these have little to do with cryptocurrency. As long as the Internet is accessible, people are free to use the currency and its value can continue to rise.

2) Currently, there is a only a 1% penetration of bitcoin in the US. That is a massive potential for growth. Some experts predict a 3% penetration in the first quarter of 2018.

3) More merchants around the world are accepting bitcoins everyday. As people have places to spend cryptocurrency, it will become more trusted and more used, increasing its value.

Still unsure about Bitcoin? We'd love to talk with you.

E: info@apogeeinvent.com P: **949.200.7041**

Ready to accept bitcoins at your business?

We can make it happen.

Contact us now for a free consultation.

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