



## Taxbit PayPal Success Story

Discover how PayPal partners with Taxbit to ensure robust tax and accounting compliance for millions of digital asset users globally.

# PayPal extends its trusted brand into the world of digital assets with Taxbit

Taxbit's enterprise compliance platform and industry-leading expertise provide tax and accounting solutions that enable global growth.

PayPal is pioneering the integration of digital assets and stablecoins to **revolutionize financial transactions, offering secure, efficient, and inclusive solutions** that bridge the gap between traditional finance and the evolving digital economy. Taxbit powers PayPal's tax experience for customers, as well as its corporate and information reporting compliance.

## Enterprise tax and compliance highlights include:



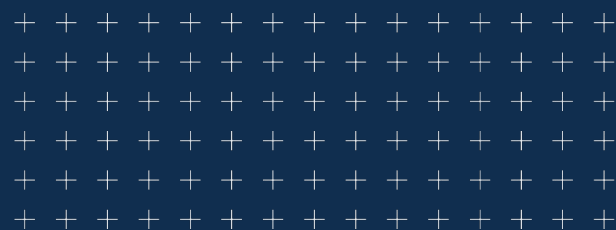
**Millions of Tax Forms delivered** for PayPal's cryptocurrency customers between 2021 - 2023 tax seasons in the US and UK



Taxbit dashboard for **advanced information reporting functionality** and on-demand TIN validation, print mail integration



**100's of hours saved** on user identity verification, tax calculations, form generation, and delivery



“ We wanted to be able to bring users a new set of capabilities and features to buy, sell and hold cryptocurrencies with all of the trust, convenience and safety that PayPal is known for. Taxbit has helped PayPal to fulfill its commitment to the highest levels of integrity and standards for compliance from the tax documents we provide to customers.

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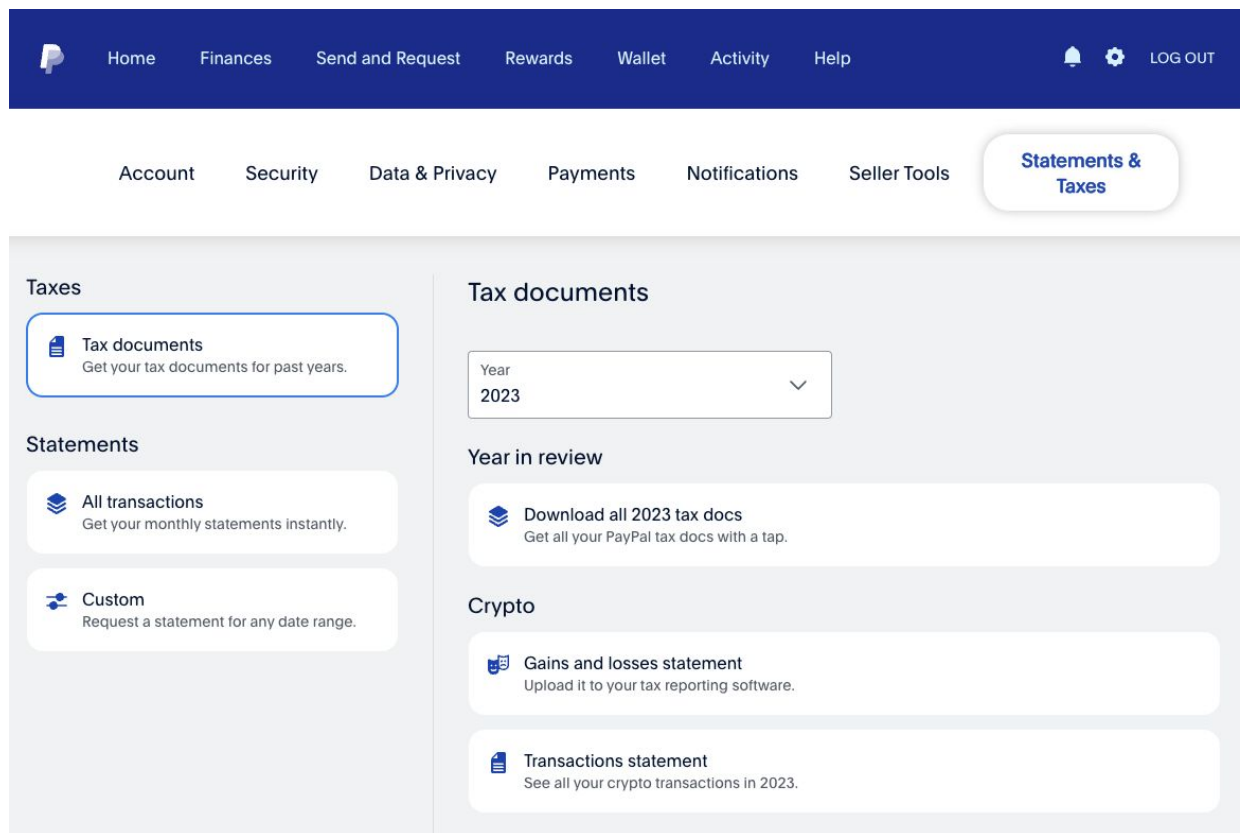
Edwin Aoki

Chief Technology Officer of Blockchain, Crypto,  
and Digital Currencies, PayPal





Taxbit seamlessly powers the in-app tax experience for PayPal's digital asset customers, ensuring effortless compliance and clarity



# Taxbit: The premier technology partner

Taxbit's flexible tax and accounting platform delivers a **premier end-to-end solution unlocking the scalability and security for global digital asset companies** such as PayPal. Given its volume of digital asset transactions, PayPal needed a platform with unparalleled data processing functionality and capacity.

Taxbit's enterprise compliance platform offers real-time application programming interface (API) connectivity **capable of handling more than 25 million concurrent transactions**. This industry-leading API enables PayPal to provide visibility into crypto tax impact as well as accurate end-of-year tax forms. Taxbit has handled more than 2 billion PayPal API calls for tens of millions in transaction volume, delivering more than 99.9% reliability.

## Taxbit delivers sustained high performance:



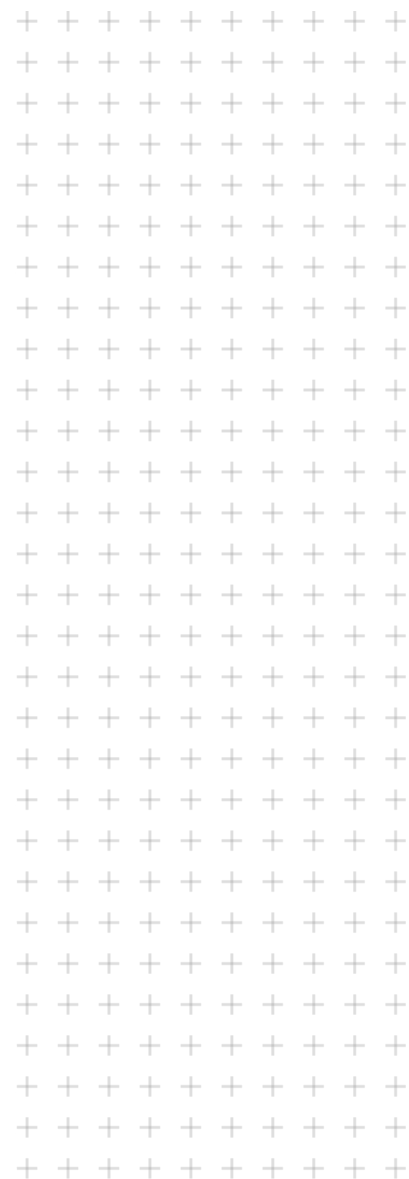
More than **2 billion** API calls



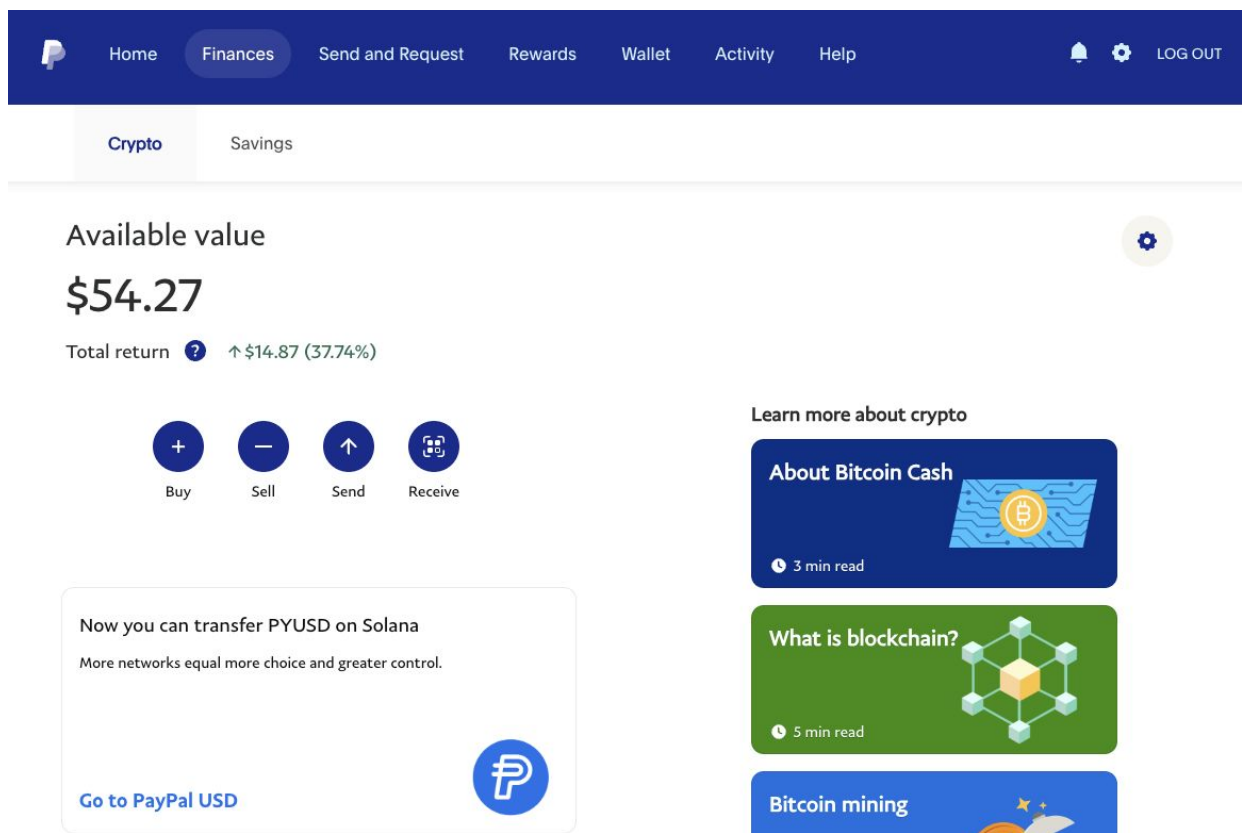
**Tens of millions** in transaction volume



**99.9%** availability



“Taxbit’s APIs have been able to handle the breadth of customer data and the high volumes that our crypto business generates while maintaining high levels of performance,” affirms Mukesh Gopinadhan, Director for Software Engineering - Blockchain, Crypto, and Digital Currencies at PayPal.





“ We wanted state-of-the-art tech. Before Taxbit, we couldn't find a provider with an API that would allow us to load all of PayPal's transactions in real-time. Uploading and reconciling huge files at the end of the year was not an option.

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## Ignacio De Loizaga

Director of Market Development, Blockchain, Crypto and Digital Currencies, PayPal

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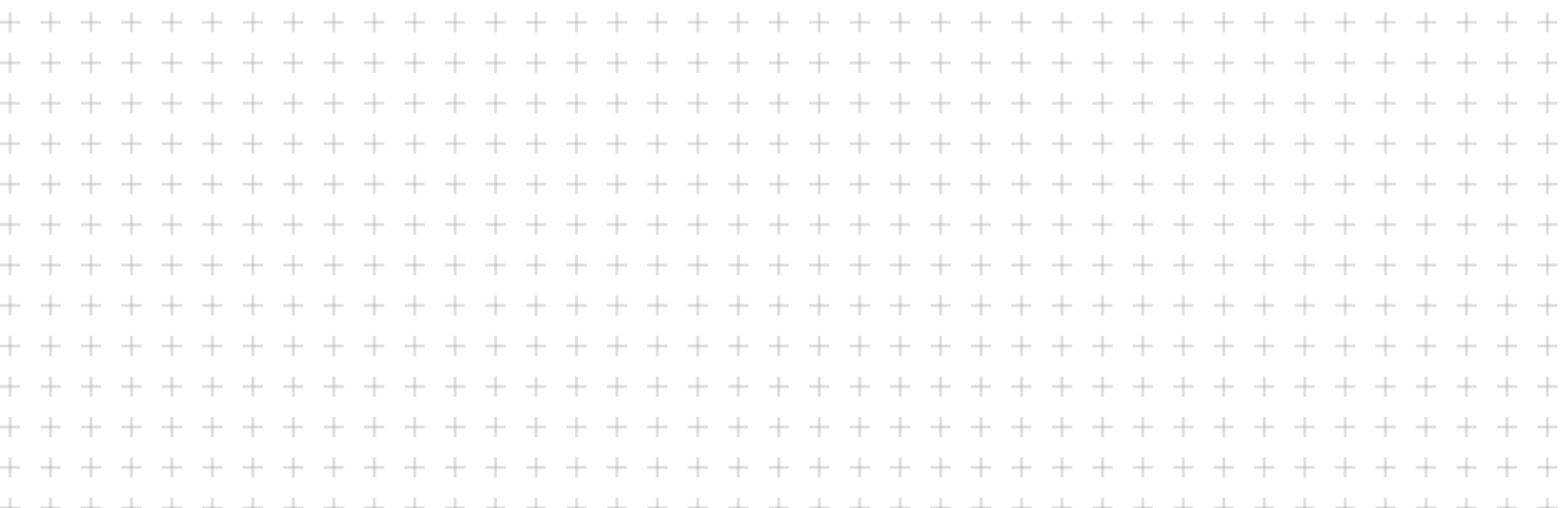
# Unleashing in-app customer experience & tax transparency

PayPal is a leader in customer experience. So when they introduced crypto to their platform, that experience was non-negotiable. Also non-negotiable is PayPal's adherence to regulatory tax compliance.

With the IRS crypto broker regulations still in a state of flux, **PayPal wanted to ensure that their customers had the necessary tax information available to help them prepare their own personal tax returns.**

In PayPal's first three tax seasons (2021 - 2023), **Taxbit issued essential tax documents to millions of cryptocurrency customers worldwide, achieving 100% accuracy.**

**"Providing this documentation was a major accomplishment in our first tax season and a big help for our users,"** says Jeanyne Scatton, Senior Director of Global Customer Information Reporting at PayPal. **"It took significant collaboration between PayPal and Taxbit to meet federal deadlines, and we did."**

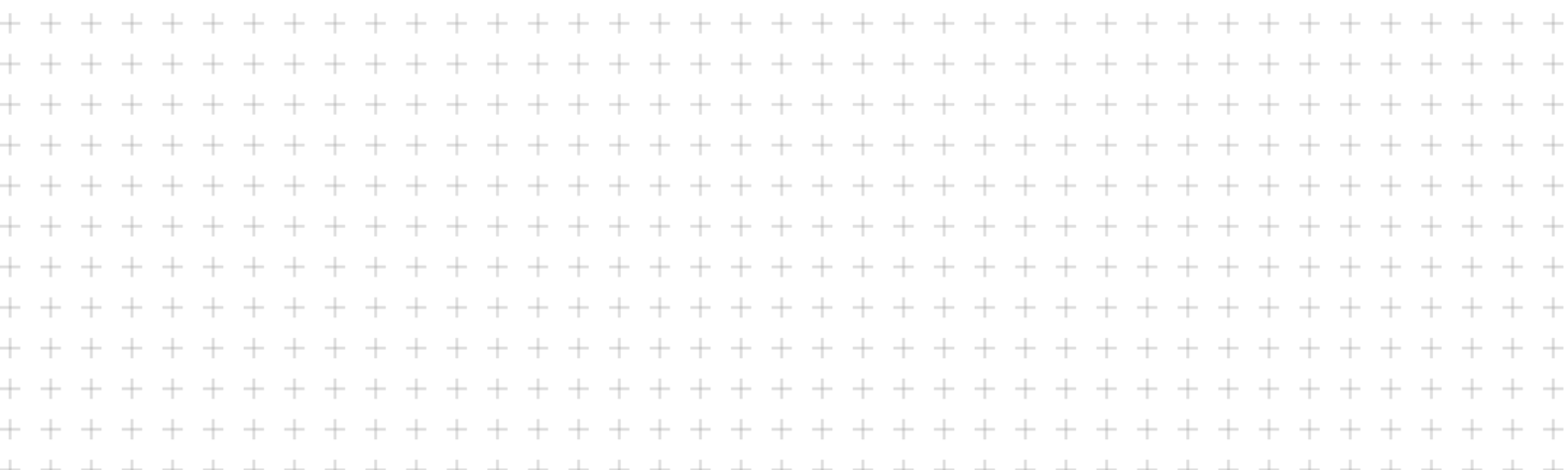




# Taxbit supports PayPal's internal accounting compliance needs

In order to support pricing and fair value reporting requirements, **PayPal utilizes Taxbit solutions to perform a robust principal market analysis.** The result of this analysis drives the pricing source to be used in transaction tracking and balance sheet reporting for the fair value measures of crypto holdings in accordance with ASC 820.

PayPal has outlined a clear policy that identifies the crypto exchanges, time frame, and types of market activities that are incorporated into their principal market analysis on an asset-by-asset basis. **By leveraging Taxbit technology and incorporating these desired parameters, PayPal is able to identify the volume of crypto activity occurring within each of the markets they access in order to determine the appropriate Principal Market.** PayPal is then able to pull pricing tied to the identified principal market for each supported asset. This process not only provides PayPal with the applicable pricing data for fair value measures, but also with the quantitative evidence needed to support the selection of a Principal Market.





“ Taxbit’s APIs allow us to customize integrations, an essential component in delivering the simplicity and immediacy PayPal users expect. We couldn’t have customers watching a wheel spin on their screen while we gathered gain and loss data. ”

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## Paul Unterberg

Senior Director of Product Management,  
Blockchain, Crypto, and Digital  
Currencies, PayPal



## Enabling scale-out international growth

Following the success of the 2020 launch in the US, PayPal rolled out cryptocurrency trading services in the UK (2021) and Luxembourg (2022). In 2023, it also debuted PayPal USD (PYUSD), a stablecoin backed 1:1 by US dollar deposits, US Treasuries, and similar cash equivalents. PYUSD is issued by Paxos Trust Company. Taxbit has readily matched PayPal's fast pace, supporting over a dozen programs and product launches, including PYUSD, as of Q4 2023.

**Throughout PayPal's continuous expansion, Taxbit's enterprise compliance platform has provided a highly reliable and scalable foundation for growth.** "Taxbit helped us develop a scalable technical interface that would always be reusable," Gopinadhan says.

"Each successive effort has had a smaller delta on our previous work. Using Taxbit as our platform provider allows us to focus on the differences rather than on re-integrating and revisiting the work we'd done before."

The value of this accretive, modular approach was apparent when PayPal entered the UK cryptocurrency trading market, which does not have a Form 1099-B equivalent but instead requires a year-end gain/loss form tailored to UK regulators' expectations. Using the same initial data inputs, Taxbit is able to support the pooling disposition method prescribed by the UK tax authorities to determine the allowable cost basis of cryptocurrency assets for UK users, assisting with their gain/loss reporting.



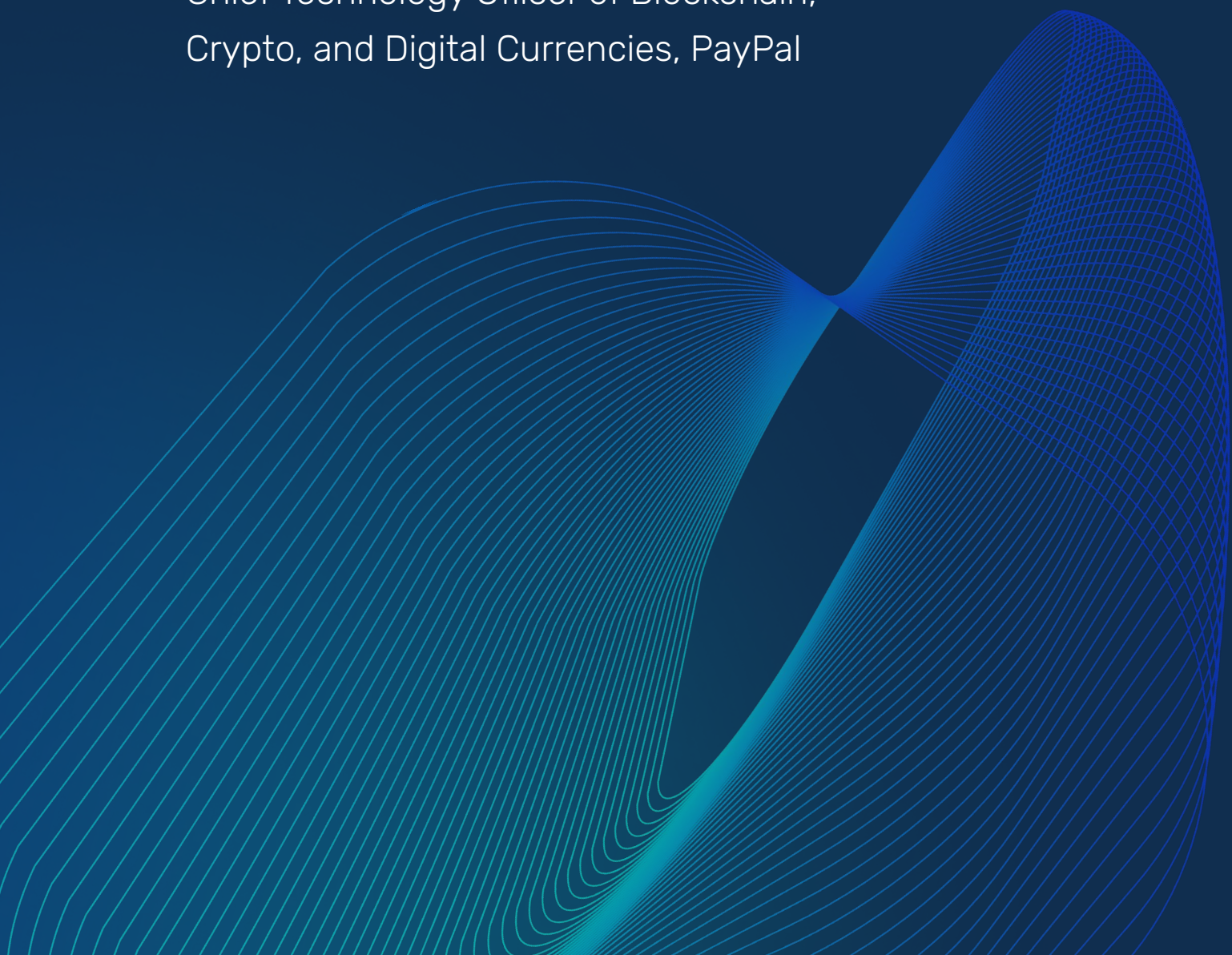


“ In the spirit of partnership, Taxbit understood PayPal’s ambitions for international launches.”

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Edwin Aoki

Chief Technology Officer of Blockchain,  
Crypto, and Digital Currencies, PayPal

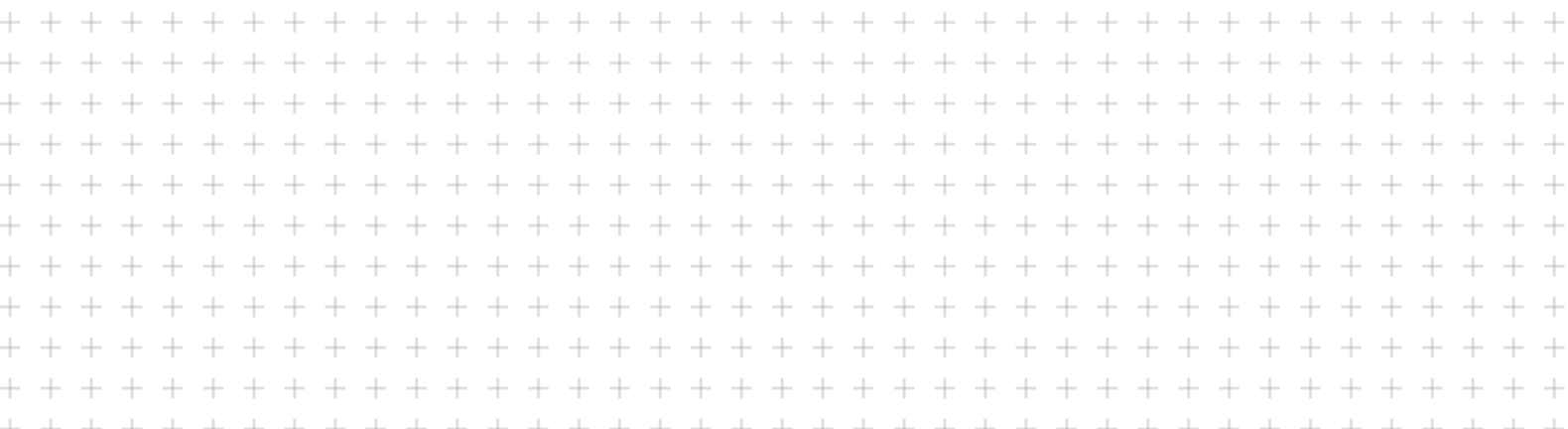


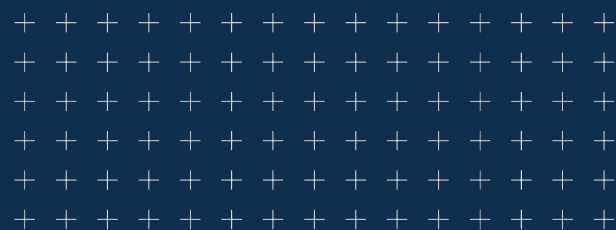


# Streamlining corporate compliance across Tax and Accounting with industry expertise

Taxbit's enterprise compliance platform additionally provides PayPal's corporate accounting organization with the infrastructure to comply with changing regulatory requirements to report digital assets at fair value. **Taxbit recommends the most accurate principal pricing market and provides real-time pricing data**, enabling PayPal to account for unrealized or realized gains. This information is an important part of PayPal's detailed fair value reporting, which will require changes measured in cryptocurrency assets' fair value to be recorded through its earnings.

Across enterprise tax and accounting, **Taxbit's rules engine powers the capabilities that PayPal and other leading firms rely on to maintain compliance in the rapidly evolving world of digital assets**. Its logic incorporates the knowledge and experience of Taxbit's industry experts and leaders who have been forging tax and accounting best practices in the cryptocurrency realm since its inception. Whether **generating statements with 100% accuracy or calculating precise values in real-time**, Taxbit's rules engine is at the heart of the value that its solutions deliver.





“ Working with Taxbit has been critical to PayPal’s success. Taxbit allows us to further build customer trust on multiple levels by providing ease and reliability in the new realm of digital asset trading, and education and documentation to support their tax obligations. With these contributions, Taxbit is helping PayPal to stay several steps ahead in the rapidly changing global cryptocurrency market. ”

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# Let's Talk

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