



Crypto cost-basis cheat sheet: methods at a glance

Every crypto method on one page. Cost basis is what you paid for a coin, including fees, and it decides how big your gain or loss is when you sell.

Which method you use, FIFO, LIFO, HIFO, average cost or specific identification, changes which purchase is matched to each sale, and so the size of the gain. Download the PDF as a quick reference.

CryptaTax

www.cryptatax.com

General information, not tax advice

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What cost basis is

Your **cost basis** in a coin is what it cost you to acquire it: the purchase price plus any fees. When you later sell, swap or spend it, your **capital gain or loss** is the difference between what you receive and that basis. A low basis means a bigger taxable gain; a high basis means a smaller one. Every disposal leans on this number, which is why a wrong basis quietly corrupts everything downstream.

The methods at a glance

When you have bought the same coin several times at different prices, a method decides which units you are treated as selling. Not every method is allowed in every country, so confirm which yours permits before relying on one.

Method	How it works	Effect on your gain
FIFO (first in, first out)	The first coins you bought are the first you sell.	In a rising market, tends to produce larger gains (oldest, cheapest coins sold first). The most common default, accepted in most countries.
LIFO (last in, first out)	The most recently bought coins are sold first.	Can reduce a gain in a rising market by matching higher, recent bases. Not permitted everywhere.
HIFO (highest in, first out)	The highest-cost coins are sold first.	Minimises the gain on each sale. Demands rigorous records and is not accepted in every jurisdiction.
Average cost / pooling	Units of the same coin share a single averaged basis (for example the UK section 104 pool).	Smooths out buy-price differences and removes the choice of which lot to sell. Simpler, but less room to optimise. Mandated in some countries.
Specific identification	You nominate exactly which units you are selling, if you can	Most control over the gain, but the evidence burden is high: you must show, per disposal, which

document them.

acquisition it came from.

A worked example

Buy 1 coin for 100, then another for 300, then sell 1 coin for 400. Under **FIFO** you sell the first coin (basis 100) for a gain of 300. Under **HIFO** you sell the second coin (basis 300) for a gain of 100. Same sale, same money received, very different taxable gain, purely because of the method. The figures are illustrative, not tax advice.

Fees, income basis and wallets

- **Fees are part of basis.** A fee to acquire a coin generally adds to its cost basis; a fee to dispose of it generally reduces your proceeds. Over hundreds of transactions, fees handled correctly meaningfully reduce your taxable gain.
- **Income-received crypto still has a basis.** Coins from staking, mining, salary or an airdrop usually take their fair market value on receipt as basis, the same value you reported as income, so you are not taxed twice.
- **Gifts and inheritance.** A gifted coin's basis often carries over from the giver or is set at the value when you received it; inherited crypto frequently takes its value at the date of inheritance. Rules vary by country.
- **Wallet-by-wallet vs universal.** Some jurisdictions track basis per wallet rather than across your whole portfolio, which can change which basis is matched to a sale. Check the rule for your country and tax year.

Records to keep

- the date and value of every acquisition, including income receipts;
- the fees paid on each buy, sell and transfer;
- transfers between your own wallets, so basis follows the coins;
- the method you chose, applied consistently across the year.

How CryptaTax handles it

CryptaTax keeps a per-lot ledger, applies your chosen method consistently, folds fees into the right side of every calculation, and carries basis across transfers between your own wallets, so the concepts on

this page are handled for you. For the full detail behind the summary, see the [cost-basis guide](#), and [try the crypto tax calculator](#) →.

Disclaimer. General information, not tax advice. Crypto tax rules differ by country and change over time, verify against your country's guidance or a qualified advisor.



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