

Crypto Payment as Viable Option for Law Firms

Step toe & Johnson Law Firm recently announced the acceptance of cryptocurrency as a form of payment. According to Ciaran Cohn, the firm's director of business development, this decision was made after careful consideration and research into cryptocurrency payments' various legal and tax ramifications. He recommends completing the onboarding process with a third-party crypto payment provider and establishing a clear policy regarding how the cryptocurrency will be handled after it is received.

When dealing with taxes, Stephen Ribble, an enrolled agent and owner of Guardian Accounting Group in Tampa, Florida, recommends treating payments made in cryptocurrency the same way cash payments would. Any gains or losses should be reported to the Internal Revenue Service when converting tokens into U.S. dollars. This can become complicated if a client doesn't opt to convert their cryptocurrency into U.S. dollars upon receipt but instead holds onto it until its value has increased or decreased significantly before selling it off for cash.

Vincent Chang, who grew a \$3,500 crypto portfolio into a \$1 million one, points out other risks to consider when accepting payments in cryptocurrency. These include phishing attacks where an attacker poses as a credible person attempting to gain access to sensitive information such as passwords and physical attacks of the same nature. He also warns against giving staff members full access to crypto wallets as they could transfer funds to their wallets and run off with the money.

Chang suggests using a digital wallet requiring multiple people to sign off on a transaction before it is approved to mitigate these risks. He also suggests immediately selling crypto back into fiat currency so there's minimal price fluctuation from payment received to currency exchange. If clients want to pay in crypto, Chang suggests encouraging them to use digital dollars pegged to the dollar or gold because that could ease worries about market volatility.

Cryptocurrency is an exciting new payment option for law firms, but it's essential to know all the potential risks and repercussions associated with its acceptance. Taking the necessary precautions and researching how to handle crypto payments properly could be beneficial for law firms in the long run. Furthermore, by helping clients understand these risks, law firms can build a strong relationship of trust with their clients.

Accepting cryptocurrency as payment can be an excellent way for law firms to expand their practice and keep up with the ever-evolving digital landscape. But it's important to properly educate yourself on all potential risks and repercussions associated with dealing in cryptocurrency so that you can make an informed decision as to whether or not this is a viable option for your firm. With the proper precautions and research, law firms can benefit significantly from accepting cryptocurrency as payment.

REFERENCES:

Is crypto payment a good deal for law firms?