2019 blockchain symposium: experts' insights indicate growing use cases and value for the technology

INTRODUCTION

Over the past few years, blockchain technology has exploded into the FinTech ecosystem, as well as various industries, evolving well beyond cryptocurrencies like Bitcoin. Already incorporated in a range of business and financial applications, its impact and use cases continue to improve as the technology matures.

For most industries, blockchain presents threats from competitors as well as opportunities (increased transparency, efficiency, and innovation). For the accounting profession the stakes are even higher. At its core, blockchain is an accounting technology, an immutable ledger that tracks the transfer of ownership of assets; as such, it's poised to play a significant role in audit, tax, cybersecurity, accounting, and advisory services. As more enterprises use blockchain technology, they will require practitioners who not only understand its implications but can provide broader guidance on how it will impact their businesses and industries going forward.

Moving slowly, in other words, is not an option. "This is one of those rare cases where accounting and auditing principles are crucial considerations in a technology's development," said Jay Schulman, Principal, Blockchain and Digital Assets at RSM.

With this in mind, **the American Institute of Certified Public Accountants (AICPA) and CPA.com, hosted in partnership with the Wall Street Blockchain Alliance, the 2nd Annual Blockchain in Accountancy Symposium**. Held in September at the AICPA's New York City headquarters, the event convened some of the profession's brightest minds, blockchain experts, solution developers, and practitioners across service line specialties to strategize on how the community as a whole should think about, plan for, and respond to the blockchain wave.

This year's 60-plus attendees included practitioners from firms ranging in size of sub-10 to as large as the Big 4, technologists, thought leaders, and even government officials, such as Michele Levine, Director of Technical Services at Government Finance Officers Association (GFOA). While the GFOA isn't pushing any specific applications, Levine felt attendance was crucial so that "if and when governments do start adopting the technology, they are using best practices."

"We are beginning to see firms advance a number of specific use cases and niche practice areas related to blockchain with crypto assets being the clear leader," said Erik Asgeirsson, President and CEO at CPA.com, the business and technology arm of the AICPA, "Over the past two years we were focused on helping frame and start the discussion related to blockchains role. However today, we are now moving towards providing more guidance and tools related to these emerging practice areas."

Collaborative by design, the symposium is a way for the AICPA and CPA.com to gather input from subject matter experts working on the edge of the blockchain revolution. "Every firm has something to bring to the table: 'What are you doing well? What am I doing well?'" said Robert Graham, Partner at Friedman who helped create the firm's digital currency practice.

"When we come together, we learn from each other and discuss the latest developments such as the ten thousand plus warning letters issued by the IRS related to cryptocurrency transactions," Asgeirsson said. Just as crucially important, attendees take what they've learned at the event back to their organizations, helping to pave the way for profession-wide understanding and adoption. ■

WHAT A DIFFERENCE A YEAR MAKES

September 23, 2019 marked the 2nd Annual Blockchain Symposium, held roughly 16 months after the inaugural event, it was clear from the beginning that much had changed since the first meeting.

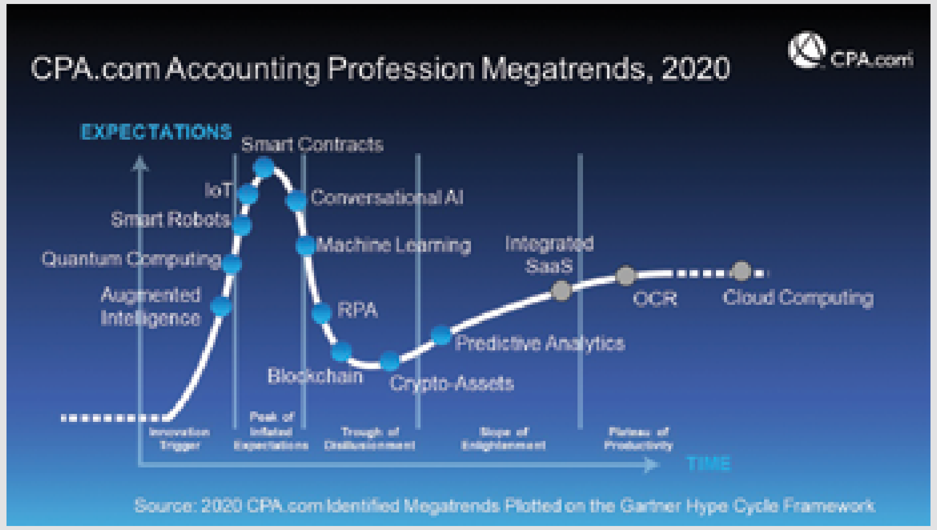
One useful measure of a technology's maturation and adoption is plotting its evolution on the Gartner Hype cycle, a graphical representation of the five key stages in a technology's lifespan: innovation trigger, peak of inflated expectations, trough of disillusionment, slope of enlightenment, plateau of productivity.

In the past few years, blockchain, as a category, has rapidly matured. While many technologies take more than a decade to reach critical stages in the evolution process, blockchain cycled through its latest maturity stage in less than a year, Kacee Johnson, strategic advisor at CPA.com, said in an introductory session.

This maturation is evident within the profession; of the firms in attendance, a majority had indicated increased activity in the blockchain space since the previous Symposium, Johnson said. Meanwhile, 37% of attendees have seen significant growth in crypto-asset related inquiries from their clients in the last 12 months.

Any fruitful discussion of blockchain's evolution, however, must address the fact that the technology is multi-faceted. Blockchain is too broad a category to incite meaningful conversations at the firm-level. "When I speak to firms, it's about specific use cases," Asgeirsson said. "Some of the top use cases or niche areas are crypto-assets, supply chain management, and smart contracts."

Each year, CPA.com plots accounting megatrends onto the hype cycle framework. In the 2020 edition, blockchain as a category is wallowing in the trough of disillusionment, while specific use cases are moving through the various stages at their own pace (peak of inflated expectations, in the case of smart contracts, and moving-towards-the slope of enlightenment, in the case of digital assets.) "It's been an interesting couple of years," Asgeirsson said. Blockchain has clearly entered the trough of disillusionment, but Facebook's recent Libra announcement and some of the discussions around the value of stablecoins are building some new interest and energy.



Blockchain, in other words, is in the process of weathering a series of obstacles and setbacks typical of any maturing technology. "When you look at crypto-assets, it's no longer crypto anarchists saying, I want to make $20 million on an ICO," Ron Quaranta, chairman of the Wall Street Blockchain Alliance said. "Instead, the conversation has become more practical and nuanced, a discussion of the accounting considerations around valuing and reporting digital assets rather than get-rich-quick schemes."

In the past year-and-a-half alone, the technology has moved from "being a little toy or a concept to becoming something mainstream," said Gerard Brennan, director of audit technologies at Lukka, who attended both Symposiums and was impressed with the maturation of viewpoints in the room.

Last year, blockchain was still occasionally treated as a nascent technology by attendees. This year "there is an urgency for consensus, regulations, and standards," he said, an indication that firms in attendance are fielding more blockchain-related questions from clients.

Despite the newfound urgency, there was also an increased understanding that the intersection of blockchain and accounting is incredibly complex; while standards are important, they won't (and shouldn't) arrive overnight. This year, attendees recognized that issuing blanket guidelines without taking the time to properly consider the implications would hamper long-term progress.

The Blockchain Symposium is only one part of the AICPA and CPA.com's broader effort to promote and frame emerging technologies within the profession[1].

BLOCKCHAIN'S DEVELOPMENT

"As everyone knows, the pace of change will never be as slow as it is today," said Barry Melancon, president and CEO of the AICPA. "We are seeing that play out in the blockchain space."

To understand blockchain at a fundamental level, Quaranta doesn't focus on its standalone use cases, such as cryptocurrency or supply-chain management. Instead, he sees it as "a technology solution writ large; it always comes down to, which problems is it trying to solve, and which industries are trying to adopt it?" Defining blockchain as a tool addressing a business problem rather than a complex series of processes goes a long way towards demystifying the technology and better understanding its impact, both for clients and the profession as a whole.

In the past year alone, the technology has been deployed in a variety of ways[2] by enterprises ranging from startups to Fortune 100 companies. For example, Walmart has created a food traceability mandate[3], which aims to prevent food-borne illnesses by identifying the source of contaminated products quickly. After a number of outbreaks of E.coli in romaine lettuce, for example, Walmart has required[4] beginning in 2019 that suppliers of leafy greens trace their products back to the farm using blockchain technology.

"Walmart is the largest food shipper in the country and the largest private employer," Quaranta said in a use-case panel. "When Walmart tells producers and sellers to get on the blockchain, they can't say no." This, of course, has implications for the accounting profession as third parties that work with Walmart, many of them smaller businesses, are forced to grapple with banking, reporting assets, and auditing on the blockchain to get in compliance. "These organizations are clients of accounting firms and I guarantee you some of them have absolutely no idea how to move forward and comply," Quaranta said, "they will seek out firms that can help guide them."

Walmart's announcement is part of a larger trend: the digitization and movement of data, such as goods and services, intellectual property, credentialing, and trademarks, onto the blockchain, said Dr. Sean Stein Smith, CPA an assistant professor of business and economics at Lehman College who previously held accounting roles at both for-profit and non-profit organizations. Most supply chains are "tailor-made for blockchain, because the technology can be used to create transparent, immutable records."

Blockchain's impact extends far beyond the retail industry. In healthcare[5], for example, "the transparency and traceability in the drug supply chain will be one of the first areas that we see blockchain being applied," said Amanda Wilkie, a consultant at Boomer Consulting. There are regulatory and technological

obstacles that must be overcome, but the incentive is powerful. According to Wilkie, the pharmaceutical industry loses $200 billion a year to counterfeit drugs. In July, IBM, KPMG, Merck, and Walmart announced[6] they are working with the Food and Drug Administration to develop a blockchain-based system for identifying and tracking drugs and vaccines distributed in the U.S.

Longer-term, the technology could enable patients to own their health data and securely share it with providers, a feature that would go a long way towards breaking down the industry's infamous silos. "Most of my excitement over blockchain is around identity management and access," Wilkie said. "I think healthcare in general is going to be extremely disrupted by blockchain as we start putting that data relationship back in the hands of the individual."

There have also been massive developments in the payment space since the Symposium convened last year.

In June, Facebook announced that, along with a consortium of 27 other companies including Spotify, Uber, and Coinbase, it would launch Libra Coin[7], a stablecoin tied to a basket of fiat currencies (which means unlike Bitcoin, it would not fluctuate dramatically in price). According to Brennan, it's a strong concept that incorporates "the best-known attributes of blockchain technology and cryptocurrency technology."

The initiative, however, faces significant regulatory hurdles, some of which are tied to the currency itself but many of which concern Facebook's past controversial decisions around advertising and privacy. In an October session, Congress grilled Facebook CEO Mark Zuckerberg[8] on Libra Coin, among additional topics including the company's role in promoting disinformation. Multiple Libra partners, including eBay, Visa, and PayPal have dropped out of the initiative[9], partially in response to the pushback from regulators.

Given these recent developments, Libra Coin is "at least on ice," Brennan said, who predicts the initiative, which was originally meant to launch January 1, will be significantly delayed.

But Brennan remains bullish on the underlying concept; even if Libra Coin fails, a similar currency could still emerge that, by facilitating seamless peer-to-peer payments, is able to redefine modern-day banking. "There are two-and-a-half billion people who are unbanked in the world," Brennan said. Libra Coin (or another similar digital currency) could enable individuals to transfer money, pay bills, borrow capital, among other financial services, on a cellphone, without the need for a centralized bank.

WITHIN THE ACCOUNTING PROFESSION

As noted, the majority of firms participating at the Symposium had added blockchain or crypto-asset management services in the last 12 months. Demand will only continue to grow as blockchain and its applications, from cryptocurrency to the tokenization of assets, to advisory software auditing, continues to mature. 60% of firms in attendance said they had received requests related to blockchain support from clients, including digital asset related tax questions, such as how to report, "We have a responsibility today to help our clients," Brennan said.

In an important way, blockchain's maturation aligns with the profession's shift from recordkeepers to advisors. (This transition is by no means limited to accounting and finance; as automation grows more sophisticated, professionals including lawyers, doctors, and insurance providers are relying more on personal, advisory-style relationships with clients and/or patients.)

To gain clients' trust, having answers to questions about blockchain – as well as a working knowledge, on a broader level, of how the technology could impact their businesses – is crucial. "We have to understand how this stuff works," Smith said. "We don't have to become technologists, but we have to become more IT-savvy," with a solid mental framework of how the platform operates.

The majority agreed that the accounting profession becomes an ambassador. An expert source, capable of helping clients get a handle on the technology and determine which applications apply to their business – along with those that don't.

Numerous firms have already jumped at the opportunity, including RSM. Schulman heads the firm's blockchain and digital practice, which took on its first blockchain project three years ago. Despite his firm's early-adopter status, Schulman understands why the technology is difficult for many CPAs to wrap their heads around.

"Accountants like to follow checklists," he said, a framework that is not yet possible for blockchain; while the technology and its applications are evolving at a rapid clip, accounting standards sometimes take longer to solidify. In lieu of consensus, there is confusion and uncertainty. "We have eight different checklists and we are picking different items off each checklist hoping that when we bring them all together, it's the right way," Schulman said.

The process of winnowing separate checklists down to one coherent set of standards will take time – and patience. "The devil is in the details," Schulman said. Before a concrete framework can be issued, the profession must agree on fundamentals, such as: 'What is the definition of a digital wallet?' Making these determinations is crucial; fail to reach a consensus on whether an airdrop, i.e. the free distribution of cryptocurrency to a specific set of users, is reciprocal or non-reciprocal, and it's unclear how the transaction should be categorized.

A lack of standards hasn't stopped firms from working within the existing definitions and tools available to them to provide specialized advisory services to their clients. Around five years ago, Friedman LLP got its first inquiry from a client about auditing on-chain assets. The area was new to the firm. Today, the practice has an entire digital currency product line that offers audit and attest services, domestic and international tax, cybersecurity, corporate governance, and internal control structures. Clients primarily include funds investing in digital currencies or the digital currency ecosystem, SaaS companies developing blockchain applications, broker dealers, and exchanges. ■

REGULATORY STATUS

Traditionally, official federal guidance on how to handle digital assets and other financial instruments enabled by blockchain technology has been light; but that doesn't mean regulatory bodies aren't watching the space. "Since our last symposium, there have been two dozen plus enforcement actions from the SEC," Quaranta said, including legal and financial sanctions against companies that have issued unregistered securities.

In response, some token-based businesses have gone to the SEC for no-action relief letters, which essentially say, 'We currently see nothing in your business model that requires SEC reporting or securities regulation.' Regulators are trying to evolve; they aren't just saying no.

At the time of the Blockchain Symposium, the IRS had yet to release its long-awaited formal guidance on tax treatments. The delayed guidance, issued in the form of a 'Frequently Asked Questions' document, was published[10] on October 9, 2019. It addresses outstanding issues, including:

FORKS & AIRDROPS

The new guidance states that both situations, in which a cryptocurrency is generated and delivered to a specific set of users, trigger a tax obligation. While this cleared up ambiguities from the 2014 document, the guideline is somewhat controversial as forks and airdrops are often unprompted – which means in certain situations, users who receive digital currencies against their wishes and might not have income upon receipt based on past rulings on "dominion and control." Clarification is needed on the IRS interpretation of income and property rules regarding airdrops and hard forks and how the value of a coin arising from an airdrop or hard fork is to be determined[11].

COST BASIS

The new guidance states that cost-basis is determined by adding up the total money spent to acquire crypto-assets, "including fees, commissions and other acquisition costs in U.S. dollars." (For more on the IRS' latest guidance, consider registering for or viewing the recording of the IRS Guidance on Taxation of Virtual Currency webcast[12].)

At this stage in blockchain's development, much of the government's focus has been on noncompliance. In 2015, just 802 taxpayers reported bitcoin-related capital losses or gains with the IRS. Just three years later, over twenty-three million Americans own digital assets, said Amy Wang, Senior Manager of Tax Policy and Advocacy at the AICPA, indicating a huge gap in compliance. "We try to tell the government, it's not because our clients and our members don't want to comply, it's because we don't know how to comply." (The most recent formal guidance was the first update since 2014, leaving new developments and tax questions unaddressed for years.)

There's also a general lack of awareness on the CPA's part regarding their clients' digital assets, likely because traditional questionnaires do not include items on cryptocurrencies. Wang recalled giving a presentation at this year's IRS forum on virtual currency; she kicked off the session by asking how many people in the 400-plus person audience had clients who own digital currencies. "I think three people raised their hands," she remembered, "which we know can't be true."

In June, the AICPA had a call with the IRS; at the time, the agency wasn't forthcoming with new developments. To make the process more seamless, the AICPA came to the call armed with a list of 27 Frequently Asked Questions (FAQs), styled to match the agency's standard comment letter.

The AICPA's FAQs address major ambiguities regarding virtual currency, documentation, and the computation of gains and losses. Below, an overview of the discussion points the AICPA laid out in the call, are broken down by topical area.

VIRTUAL CURRENCY

A longstanding point of confusion: how to classify expenses related to obtaining virtual currencies. The IRS' guidance from 2014 states that when a taxpayer successfully mines virtual currency, the fair market value is based on the date of the receipt. "For tax purposes, we believe this implies that mining virtual currency is a service activity, versus a production activity," Wang said, which means mining equipment is capitalized and depreciated like any other property. This issue remains unaddressed in the IRS's most recent guidance.

DOCUMENTATION

The 2014 IRS notice stipulated that for tax purposes, digital assets should be recorded in a reasonable manner that is consistently applied. The AICPA, via its own FAQs, conveyed that the profession needs a more specific definition of "reasonable manner." For example, can taxpayers rely on virtual currency tax software as a reasonable and consistent method to track a value? "Our recommended answer is yes," Wang said. "This is important because we know there are a lot of variations that exist in pricing virtual currencies," given the exchange or discrepancies in date and time. (The IRS addressed this in its latest FAQs, question numbers 25 to 27[13].)

COMPUTATION OF GAINS & LOSSES

For tax purposes, when exchanging virtual currencies for goods and services, there are a number of methods that can be applied, including First In, First Out. In its call with the IRS in June, the AICPA pushed for guidance on whether additional methods, such as Last In, First Out or the specific identification method, are also acceptable. Because some virtual currencies must be first traded for other virtual currencies before they can be converted into U.S. dollars, "there is that risk of a double capitalization gain paradox," Wang said. (The IRS addressed this in its latest FAQs, question numbers 36 to 38 saying that First In, First Out is acceptable[13].)

BOTTOM LINE

The 2019 guidance from the IRS clears up many questions, but still leaves several questions open. That said, the following recommendations still apply to current and future tax situations that have not been addressed by the agency. Firms should:

1) Adhere as closely as possible to information provided by the IRS.
2) Be conservative with all documentation, including how gains and losses are accounted for.
3) Be consistent in your approach. Do not skip back and forth between accounting methods. ■

PROFESSION INITIATIVES

As with the makeup of the attendees themselves, blockchain's impact extends across industries, departments and roles. It's not exclusively an IT issue, for example, nor is strictly a tax matter. Instead, understanding and harnessing the technology requires wide-ranging, collective expertise. It is critical that we bring people from different departments and teams together to address the topic, a dynamic put to action at both Symposiums.

The AICPA and CPA.com are in the position of not only fostering collaborative conversations and exercises, but also advancing the profession towards adoption. At this point, much of the discussion around blockchain still centers around defining terms within the ecosystem. Once common touchpoints are established, however, progress will accelerate. The fundamentals of accounting aren't changing, after all. Instead, we are figuring out how the policies apply to new areas.

The Blockchain Symposium is simply one component of the AICPA and CPA.com's broader blockchain strategy. Other initiatives include issuing thought leadership resources and member guidance[15] (on topics such as smart contracts and the supply chain), advocacy work in Washington, D.C., and the development of learning tools and resources[15], including webcasts[16], online self-study courses, and a podcast series[17] that delves into blockchain's implications for the profession. To help CPA firms navigate cryptocurrency issues for their clients, CPA.com recently added LukkaTax, a robust tax preparation tool for virtual currency, to its lineup of solutions.

The Association recently launched a 15-hour blockchain certificate[18] program that has become one of its most popular, illustrating "the interest from the broader profession," Melancon said. The AICPA also provides 4-hour industry-specific intermediate learning courses[19] that cover the supply chain, financial services, healthcare, insurance, and nonprofit industries, as well as a 6-8 hour practice area specific session on audit and assurance, tax, and financial advisory. ■

BIG PICTURE: WHERE THE PROFESSION STANDS TODAY

Due to the relatively light federal guidelines, larger, more traditional industries have held back on incorporating the technology into their operations. But as regulations inevitably roll out, this will change.

The profession must be ready for when it does. Again, that's not an easy feat when clear accounting standards for the technology are lacking as well as a consensus on the definition of key terms. The Association appreciates that members are frustrated with the pace of progress; however, these are complicated issues that take time and resources to properly address. Schulman has come to view part of his job within his firm – as well as the broader CPA community – as managing expectations.

"We aren't going to solve 100% of the problems this year," he said. "But if we continue to bite off 10% chunks every time we do this, we'll be successful. If you look at where we are today and where we were a year ago, we're miles and miles further down the path. That said, we still have a marathon to run. It's a long race."

Schulman is a member of the AICPA's digital asset working group. Every Friday, he has a standing phone conference with the group's other members to work on developing informal guidance that best serves AICPA members. Progress can feel incremental in the moment, but when we look at the work the task force has accomplished in less than a year, it's impressive how far we have come. ■

WORKING GROUP UPDATES

"Some of the feedback we received last year from our members was that there was a need for guidance," Ami Beers, Senior Director of Assurance and Advisory Services at the AICPA said, which led to the creation of two blockchain-related working groups. Group chairs presented at the Blockchain Symposium, updating attendees on progress made over the last 16 months.

SOC Working Group: Topics addressed by the task force included blockchain's impact on SOC 1 and SOC 2 reports, stable coins, and transacting in crypto assets. The group also spent a significant amount of time discussing requirements for smart contracts, and the role of the accounting and audit professional, including best practices for determining whether a smart contract is trustworthy.

The SOC working group is developing a paper, expected by early 2020, that addresses what risks practitioners should consider when performing SOC 1 or SOC 2 examination attestation engagements for a service organization that uses blockchain technologies as part of its system.

Digital Assets Working Group: The digital assets working group is divided into two-subgroups[20]: Accounting and Auditing. Both are working on developing practice aids for members. In an attempt to understand the perspective of various stakeholders in the ecosystem, "we are looking at custodians, exchanges, companies that buy and transact in digital assets, and funds that hold digital assets," said Amy Steele, a partner at Deloitte who heads the audit sub-group.

Auditing Sub-Working Group: The audit sub-group plans to release a series of white papers starting next year. Its first topic will cover fundamental questions auditors need to ask before accepting or continuing an audit engagement in the digital ecosystem. (Such as: 'What is the business purpose for the company's involvement with digital assets? Does management have experience in this space and have they implemented controls to respond to the unique risks in the digital assets ecosystem?)

Later topics will focus on risk assessment, controls, and illegal acts and related parties. To date, the audit sub-group has identified some significant challenges in the auditing space,

- How to evaluate whether a blockchain's record of assets is reliable.
- How to determine ownership.
- How to avoid double counting, which occurs when a company owns a digital asset but has shared the private key with another party.

"If you are auditing a fund, how do you know they are the exclusive owners?" Steele said.

Accounting Sub-Working Group: As with the audit update, the accounting sub-group which is composed of members from various parts of the profession, including representatives from some of the largest firms, provided an update as well. The task force worked together to determine the most pressing questions, said Matthew Schell, the sub-group's chair and a partner at Crowe. These papers will be formatted as Q&As.

The first batch of papers, which is in the final review process, covers topics such as how to classify crypto-assets, measurement questions (such as if there is a price differential on two exchanges), and issues around control and ownership recognition.

Again, the papers aren't official guidance; "We've taken the approach of factors to consider," Schell said. Many areas lack consensus and/or depend on a range of specific variables, such as evaluating smart contracts. The working group's aim is not to provide definitive answers but offer questions and answers that help practitioners frame their thinking and understanding of blockchain and accounting.

The second batch of Q&As is in the drafting stage. Topics include: fair valuation determination and stable coin accounting. Batch three will provide a deeper dive into issues around valuation.

As is true for the other working groups, the papers must be informative without being prescriptive. The landscape is changing too quickly to provide declarative statements. ■

LONG-TERM GOALS

As the closing session wrapped up, the consensus was clear: much progress had been made since last year's event, but the work is only getting started.

For attendees, the stakes are clear. If you are not dedicating some resources, or personnel, or both to keeping up on innovation broadly, you are already falling behind. Blockchain, after all, does not exist in a vacuum. Its true power lies in the ability to interface with other powerful technologies, such as artificial intelligence. As the technology matures, it will become part of the ecosystem, an integral force powering various transactions across industries. To help its members keep pace, the AICPA has launched the Technology Resource Hub[21], a one-stop shop for technology resources, including those for the accounting and auditing of digital assets.

Next year, the AICPA and CPA.com will once again convene experts across firms and industries for the third-annual Blockchain Symposium. The specific developments that will take place from now until then are difficult to predict, but the scale and pace of change is not. ■

LOOKING AHEAD

Although the working groups still have a lot of ground to cover, Friedman's Graham left the event feeling optimistic about the direction and approach they are taking. "It's great to see this many people coming together from different walks of life. People are putting thought into this," he said. As a whole, he's seen the profession's attitude towards blockchain mature significantly even from a few years ago, when the knee-jerk reaction was still: 'Bitcoin? Isn't that fraudulent?'

Today, there is a growing understanding that clients are already using blockchain in sophisticated ways. At Friedman, "we have traditional industry clients like real estate and science companies, coming to us and asking 'how could blockchain technology disrupt my business? What should I be thinking about?'"

Long-term, as the profession transitions away from recordkeeping services into an advisory role, firms should pursue answers to these broader questions. More immediately, however, CPAs are in desperate need of a set of standards they can apply within the profession.

With that in mind, attendees at the Blockchain Symposium were divided into five breakout groups for a deep dive session to brainstorm how to address some of the immediate challenges and opportunities the technology presents for topical areas: security, tax, accounting, advisory, and audit. ■

SAMPLE INSIGHTS FROM THE DEEP DIVE SESSIONS

TAX

An area of complexity and potential confusion: how to handle long-term transfer pricing. When you consider that around 40% of international trade is intercompany transactions, it's an important issue – one that requires further guidance.

AUDIT

A framework is needed for deciding how to audit the blockchain itself, a process that will depend on a range of factors, such as controls, risks, and whether the blockchain is public or private.

ADVISORY

One strategy for driving revenue and profitability for firms: building a blockchain interface to handle blockchain transactions. While new business models will proliferate, firms should not lose track of the importance of digital assets, specifically how the profession can help their clients manage, track, and report them.

SECURITY & REGULATORY

Blockchain will shift the accounting profession's focus on the existence of the transaction's propriety – more around risk, and less around the transaction itself.

ACCOUNTING

Some of the challenges the technology presents include how to calculate the cost basis when multiple wallets are involved, and how to account for token compensation.

FOOTNOTES

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