

How To Gift Crypto To Family and Friends?

As time goes by, more and more people are interested in acquiring these valuable currencies. Some stores and e-commerce websites are even starting to accept these coins as a standard payment method.

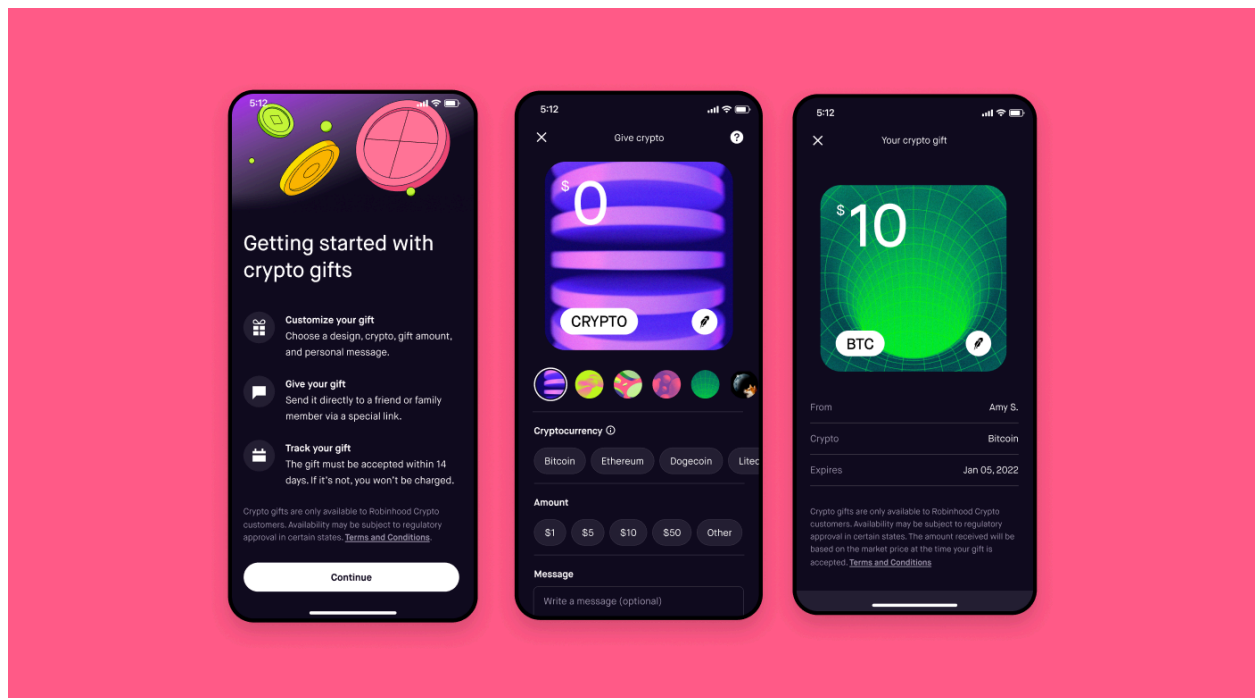
With cryptos making the news every week, some people have started to become eager in gifting crypto coins to loved ones, in a form of investment, instead of the old and traditional gift cards. In this guide, we will explore how to give crypto as a gift, its implications, and more.

What Are The Main Ways to Give Crypto as a Gift?

To start giving cryptocurrencies as a gift, first, we need to understand how you can transfer those assets to the person receiving them. There are several options, each with its own advantages and disadvantages, depending on various factors, so let's explore them.

Through an Exchange Platform

The most straightforward way to gift your cryptos is through an exchange. Exchanges allow you to send cryptos from your exchange wallet to the receiver's wallet. Make sure they have an account on the same exchange platform as you so the transfer can happen smoothly.



The process to send crypto through an exchange is very simple. First, access your exchange platform and, once inside your wallet, choose the gifting option. After that, insert the information of the person you wish to send crypto to. The necessary data will vary from platform to platform, but at the very least, you will need their wallet address. Lastly, the transaction will be validated, and the funds will be transferred.

Pros

- **Fast:** The transfer can happen immediately or within the hour.
- **Beginner-Friendly:** Since it works in the same way as a traditional money transfer, even people new to crypto will find it easy to navigate.

Cons

- **Fees:** Some platforms charge a percentage fee when users buy or transfer funds.
- **Recipient Information:** Since you need the receiver's exchange information, there are better ways to surprise them with a crypto gift.

Giving Gift Cards

Everyone has received at least one gift card in their life, and the ones dedicated to gifting crypto are not that different from the traditional ones. Crypto gift cards, available in digital and physical forms, operate like conventional gift cards but are loaded with cryptocurrency. Recipients can redeem the crypto in their wallets or use it for online purchases.

Send Crypto with Binance Gift Card

Gift crypto with your referral code and choose from 30+ thematic templates

Send a Crypto Gift Card →

Redeem to Crypto

Add Card

Check Card

Redemption Code

Enter the redemption code

Redeem

The redemption code is a 16-character sequence combining digits and letters. Example: A1BC23D4EFG78H56

Binance is not responsible for, and assumes no liability to you for, any unlawful conduct or fraud by any third party associated with any Gift Card. [View more](#)

To set up a gift card, you just need to choose the platform you prefer, set up an account, and buy and validate the card. After your loved one receives it, they will follow the same process: create an account on the same platform and redeem the gift.

Pros

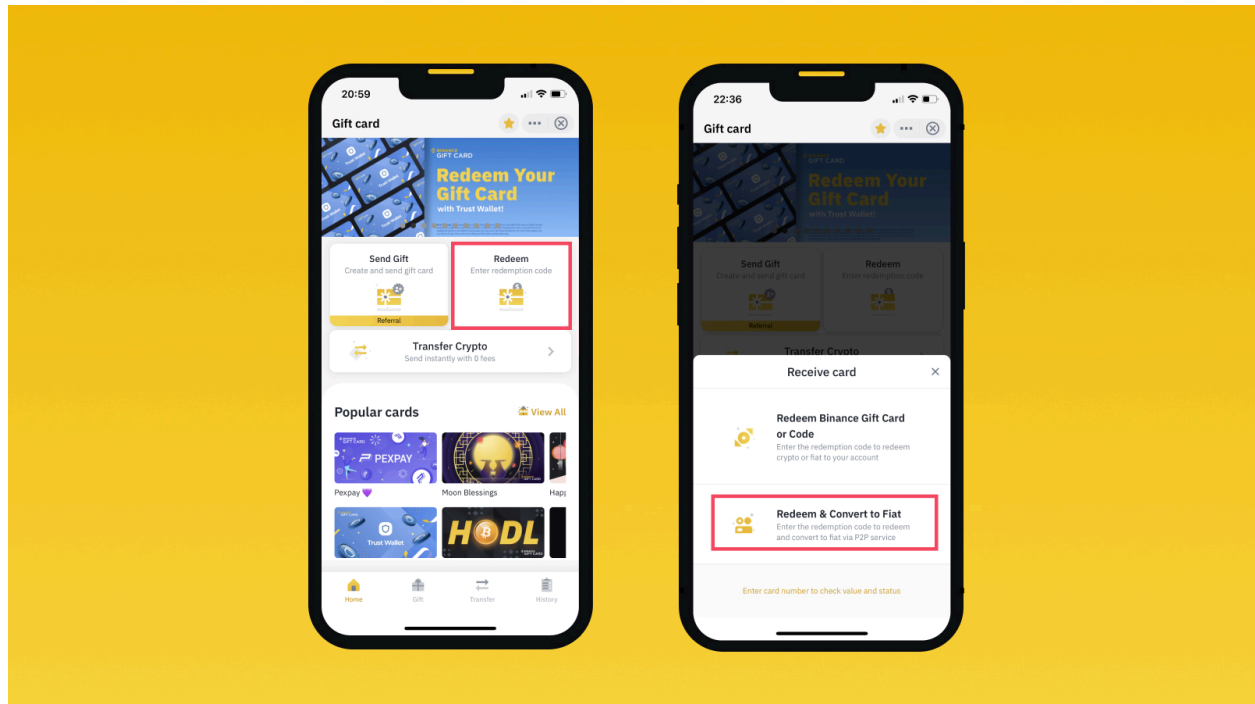
- **Tangible Gift:** Physical crypto gift cards are perfect for those who enjoy giving and receiving physical gifts.
- **Ease of Redemption:** Recipients can easily transfer the crypto to their wallet anytime.

Cons

- **Limited Choices:** Depending on the platform chosen, not all currencies may be available in gift card form.
- **Dependent on a Platform:** You need to choose an exchange to generate the gift card, and it may not be the recipient's preferred platform.,

Using a P2P Payment App

Some peer-to-peer payment apps like PayPal, Venmo, and Cash App allow users to buy and send crypto to their family and friends.



Making the transfer inside these apps is also very simple and similar to using an exchange. You choose the currency you prefer, and after a KYC and verification process, you will link the receiver and give payment methods and finalize the transaction.

Pros

- **Convenience:** Most of these apps are already part of our daily lives, and you can make transactions using only the recipient's email address.
- **Versatility:** Since P2P apps are accepted as payment methods on several websites, the receiver can use their gift to access multiple products and services.

Cons

- **Higher Fees:** Usually, P2P apps charge higher fees for crypto transactions than exchange platforms such as Binance.
- **Limited Availability:** PayPal and Venmo are only available for crypto transfers to US users.

Setting Up a Software Wallet

To give your loved one complete access and control over their crypto gift, you can choose to set up and give them their software wallet. This method requires more technological know-how since you need to download a software wallet, set up an account, and, most importantly, remember the seed phrase (a series of 12 or 24 random words necessary for wallet recovery).



After you set up the wallet, you can transfer the funds to it, and the receiver can access those funds by downloading the software and entering the seed phrase.

Pros

- **Vast Choices:** You can choose from thousands of available currencies when setting up a software wallet.
- **Full Ownership:** The receiver will fully control their crypto assets after accessing their wallet.

Cons

- **Skills Required:** Some technological skills and crypto knowledge will be required when setting up the wallet.
- **Responsibility:** Remembering and keeping safe the seed phrase is essential, as lost funds cannot be recovered.

With a Physical Paper Wallet

Paper wallets are a kind of cold wallet in which the secret keys to access the funds are printed out on paper or other physical material for the user to keep safe. When you print those keys, they are removed from the network, being accessible only through the paper. Even though the tokens remain online, they are inaccessible without the printed keys..



If you want a tangible and customizable way to give cryptocurrency as a gift, this can be a great choice.

Pros

- **Personalize Your Gift:** Companies offer infinite ways you can customize the wallets.
- **Safety:** Since the assets are stored completely offline, they will be more secure and protected.

Cons

- **Complex For Beginners:** People not used to crypto may need help figuring out what to do with a paper wallet since they have to move the funds to a software wallet before using them.
- **Keep the Keys Safe:** In the same way as the software wallet, users must keep the secret keys safe; otherwise, they will lose the funds.

Giving a Hardware Wallet

This is another way of cold storage, similar to paper wallets. However, in hardware wallets, a device is used to keep the coins offline, and they are only accessible by their own apps or through a USB port.



If this is your method of choice for giving crypto as a gift, first, you must buy the device, follow the set-up process, and lastly, store the cryptos in it, by generating private keys and providing a user with an offline physical space to store and protect these private keys. This is not a simple process, and it may take a couple of days, including the delivery time.

Pros

- **Security:** Currently, this is the safest method available and may be the best choice when gifting higher amounts.
- **Full Ownership:** Like the other wallets mentioned above, this wallet gives owners full control over their funds.

Cons

- **Higher Cost:** Hardware wallets can usually cost up to \$200 in addition to the money invested in the assets that will be stored in them.
- **Complex Method:** Knowledge of cryptography and technology is required to buy, set up, and use these wallets.

Do Taxes Apply When Giving Cryptocurrency as a Gift?

In the United States, crypto given as a gift is usually not taxable. However, it would be best if you considered some amount limits before choosing these tokens as a gift. As of 2024, the limit amount you can give as a gift without paying taxes is \$18,000. If your gift surpasses this amount, you must fill out a [Form 709](#) and pay the corresponding fees.

If the person who received the crypto sells it within the year, it's considered a short-term capital gain and taxed as ordinary income. After one year, it's a long-term gain and taxed at lower capital gains rates.

One important thing to remember is that crypto values can change quickly, so it's essential to register the purchase price and its value at transfer time. Without this information, the gift's recipient must use the current market cost, which might increase their tax if they sell at a profit.

But if the price goes down after your gift is given, losses will be treated differently. A capital loss is recorded if the asset sells for less than the purchase price and its value when gifted. This loss can be used as a tax deduction, up to \$3,000 for married filers and \$1,500 for separate filers.

How to Choose Which Cryptocurrency To Gift?

Nowadays, thousands of different cryptocurrencies are available, and this is an important step to take when gifting someone. If the person receiving the gift doesn't have a specific token that they would like to own, probably the best option is to choose one of the most well-established coins, such as Bitcoin, Ethereum, or Solana.

Since cryptocurrencies are a volatile investment by nature, choosing a more "traditional" coin can be a way of reducing the risks. However, make sure to research the current market trends to weigh the pros and cons of each coin before making a decision.

Conclusion

Giving crypto as a gift has grown in popularity due to people becoming increasingly interested in crypto, and consolidating it as an innovative and valuable idea. Using several different methods, such as gift cards, exchanges, peer-to-peer payment apps, software wallets, paper wallets, and hardware wallets, users can now choose their favourite currency and give it as an investment to family and friends.

Before wrapping up this present, remember to choose the method that best suits the receiver's knowledge of crypto and the currency and amount you feel more comfortable giving. Additionally, it's important to consider the tax implications and keep accurate records of the crypto gift's purchase price and transfer value. This information will help the recipient manage their tax responsibilities should they decide to sell the cryptocurrency.

When you make all these decisions with care and expertise, you will be giving a valuable gift that, beyond its monetary value, will further their interest in the exciting crypto world.

FAQs

1. Can I transfer crypto as a gift?

Yes, you can transfer some of your crypto as a gift to a loved one using exchanges, gift cards, or peer-to-peer payment apps.

2. How to set up a crypto wallet as a gift?

First, download the software wallet of your choice, create an account, and store the seed phrase safely. Then, add the funds you want to give and share the access details with the recipient.

3. Do I have to pay taxes when giving cryptocurrency as a gift?

In the USA, you usually don't have to pay any taxes when gifting crypto as long as the amount given is under \$18,000.

4. How much crypto can you receive as a gift?

There is no limit on how much crypto a person can receive as a gift; however, if the amount exceeds \$18,000, they must file for a gift tax return if living in the USA.

5. How do I use a cryptocurrency gift card?

To use a cryptocurrency gift card, redeem it by entering the card's code into the corresponding platform's website or app. The redeemed crypto can then be transferred to your wallet or used for online purchases.

References

[Taxes Form 709](#) (IRS)