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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. 9173

To amend the Internal Revenue Code of 1986 to except digital assets from the appraisal requirement applicable to certain charitable contributions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. KELLY of Pennsylvania introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to except digital assets from the appraisal requirement applicable to certain charitable contributions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Charitable Deductions for Digital Asset Donations Act”.

6 (b) REFERENCES.—Except as otherwise expressly
7 provided, whenever in this Act an amendment or repeal

1 is expressed in terms of an amendment to, or repeal of,
2 a section or other provision, the reference shall be consid-
3 ered to be made to a section or other provision of the In-
4 ternal Revenue Code of 1986.

5 (c) TABLE OF CONTENTS.—The table of contents for
6 this Act is as follows:

Sec. 1. Short title; etc.

Sec. 2. Charitable contributions of widely traded digital assets.

Sec. 3. Definitions.

Sec. 4. Rules of construction.

7 **SEC. 2. CHARITABLE CONTRIBUTIONS OF WIDELY TRADED**
8 **DIGITAL ASSETS.**

9 (a) EXCEPTION FROM APPRAISAL REQUIREMENT.—
10 Section 170(f)(11)(A)(ii)(I) is amended by inserting
11 “widely traded digital assets (except as the Secretary de-
12 termines appropriate to prevent abuse of this section),”
13 after “publicly traded securities (as defined in section
14 6050L(a)(2)(B)),”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to taxable years beginning after
17 December 31, 2026.

18 **SEC. 3. DEFINITIONS.**

19 Section 7701 is amended—

20 (1) by redesignating subsection (p) as sub-
21 section (q), and

22 (2) by inserting after subsection (o) the fol-
23 lowing new subsection:

1 “(p) DEFINITIONS RELATED TO DIGITAL ASSETS.—

2 For purposes of this title—

3 “(1) DIGITAL ASSET.—The term ‘digital asset’
4 means, except as otherwise provided by the Sec-
5 retary, any digital representation of value which is
6 recorded on a cryptographically secured distributed
7 ledger or any similar technology as specified by the
8 Secretary.

9 “(2) TRADED DIGITAL ASSET.—The term ‘trad-
10 ed digital asset’ means, except as otherwise provided
11 by the Secretary to prevent abuse, any digital asset
12 if—

13 “(A) such asset is fungible,

14 “(B) quotations of such asset are readily
15 available on an exchange (or, in the case of an
16 exchange that does not provide quotations, such
17 quotations are readily ascertainable), and

18 “(C) such asset is either—

19 “(i) not a tokenized digital asset, or

20 “(ii) a wrapped digital asset with re-
21 spect to which the reference digital asset is
22 a traded digital asset.

23 “(3) WIDELY TRADED DIGITAL ASSET.—

24 “(A) IN GENERAL.—The term ‘widely
25 traded digital asset’ means, with respect to any

1 taxpayer for any taxable year and except as
2 otherwise provided by the Secretary to prevent
3 abuse, any traded digital asset if—

4 “(i) quotations for such asset were
5 readily available on an exchange for the
6 entire calendar year which ends in or with
7 the taxable year preceding such taxable
8 year,

9 “(ii) the market capitalization of such
10 asset exceeded \$500,000,000 at substan-
11 tially all times during such calendar year,
12 and

13 “(iii) not more than 10 percent of the
14 units of such asset were owned, directly or
15 indirectly, by the taxpayer or any person
16 described with respect to the taxpayer
17 under section 267(b) (applied without re-
18 gard to section 267(c)(3)) or section
19 707(b)(1) at any time during such taxable
20 year or such preceding taxable year.

21 “(B) SPECIAL RULE FOR WRAPPED DIG-
22 ITAL ASSETS.—In the case of any wrapped dig-
23 ital asset, except as otherwise provided by the
24 Secretary to prevent abuse, such asset shall be
25 treated as a widely traded digital asset if, and

1 only if, the reference digital asset with respect
2 to such wrapped digital asset is a widely traded
3 digital asset.

4 “(C) AUTHORITY TO ENSURE RELIABLE
5 PRICE DISCOVERY.—For purposes of subpara-
6 graphs (A) and (B), the term ‘prevent abuse’
7 includes the exclusion of assets that lack reli-
8 able price discovery or that the Secretary deter-
9 mines are at risk of price manipulation.

10 “(D) AUTHORITY TO ADJUST REQUIRE-
11 MENTS.—The Secretary may, by regulation,
12 provide requirements that apply in lieu of one
13 or more of the requirements of clauses (i)
14 through (iii) of subparagraph (A) if the Sec-
15 retary determines that due to changes in mar-
16 ket conditions (including by reason of the en-
17 actment of Federal digital asset market struc-
18 ture legislation) that such alternative require-
19 ments would more effectively or efficiently iden-
20 tify traded digital assets for which there is con-
21 sistent and reliable price discovery.

22 “(E) INFLATION ADJUSTMENT.—In the
23 case of any calendar year after 2027, the
24 \$500,000,000 amount in subparagraph (A)(ii)
25 shall be increased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section 1(f)(3) for such
4 calendar year, determined by substituting
5 ‘calendar year 2026’ for ‘calendar year
6 2016’ in subparagraph (A)(ii) thereof.

7 Any increase determined under the preceding
8 sentence which is not a multiple of \$100,000
9 shall be rounded to the nearest multiple of
10 \$100,000.

11 “(4) TOKENIZED DIGITAL ASSET.—The term
12 ‘tokenized digital asset’ means any digital asset
13 (other than any qualified U.S. dollar stablecoin) if
14 more than an insignificant portion of the value of
15 such digital asset is related to anything other than
16 the operation of the cryptographically secured dis-
17 tributed ledger on which such digital asset is re-
18 corded.

19 “(5) WRAPPED DIGITAL ASSET.—The term
20 ‘wrapped digital asset’ means, except as otherwise
21 provided by the Secretary to prevent abuse, any dig-
22 ital asset if such asset—

23 “(A) is redeemable on demand, on a one-
24 for-one basis, for another digital asset, and

1 “(B) is recorded on a cryptographically se-
2 cured distributed ledger other than the cryp-
3 tographically secured distributed ledger on
4 which the digital asset referred to in subpara-
5 graph (A) is recorded.

6 “(6) REFERENCE DIGITAL ASSET.—

7 “(A) IN GENERAL.—The term ‘reference
8 digital asset’ means, with respect to any
9 wrapped digital asset, the digital asset referred
10 to in paragraph (5)(A).

11 “(B) SPECIAL RULE FOR REWRAPPINGS.—
12 If, but for this subparagraph, the reference dig-
13 ital asset with respect to any wrapped digital
14 asset would be a wrapped digital asset (here-
15 after referred to in this paragraph as the lower-
16 tier wrapped digital asset)—

17 “(i) subparagraph (A) shall be applied
18 with respect to such lower-tier wrapped
19 digital asset, and

20 “(ii) the reference digital asset with
21 respect to such lower-tier wrapped digital
22 asset shall be treated as the reference dig-
23 ital asset of such wrapped digital asset.

24 “(C) MULTIPLE WRAPPINGS.— If, after
25 the application of subparagraph (B), the ref-

1 erence digital asset with respect to the lower-
2 tier wrapped digital asset is a wrapped digital
3 asset, such subparagraph shall be reapplied by
4 treating such lower-tier wrapped digital asset as
5 the wrapped digital asset.

6 “(7) STABLECOIN.—

7 “(A) QUALIFIED U.S. DOLLAR
8 STABLECOIN.—The term ‘qualified U.S. dollar
9 stablecoin’ means any U.S. dollar stablecoin
10 which is issued by—

11 “(i) a permitted payment stablecoin
12 issuer (as defined in section 2(23) of the
13 GENIUS Act, as in effect on the date of
14 the enactment of this paragraph), or

15 “(ii) a foreign payment stablecoin
16 issuer (as defined in section 2(12) of the
17 GENIUS Act, as so in effect) which is per-
18 mitted under such Act (as so in effect) to
19 offer, sell, or otherwise make available
20 such U.S. dollar stablecoin in the United
21 States.

22 “(B) U.S. DOLLAR STABLECOIN.—The
23 term ‘U.S. dollar stablecoin’ means a payment
24 stablecoin as defined in section 2(22) of the
25 GENIUS Act (as in effect on the date of the

1 enactment of this paragraph) applied by sub-
2 stituting ‘dollars’ for ‘monetary value’ each
3 place it appears in such section.

4 “(C) PUBLICATION OF LIST.—The Sec-
5 retary shall, to the extent feasible, regularly
6 publish a list of qualified U.S. dollar
7 stablecoins.

8 “(D) LIMITED AUTHORITY TO TREAT
9 STABLECOINS AS MONEY.—The Secretary may
10 issue such regulations or other guidance as may
11 be necessary or appropriate to (except as other-
12 wise expressly provided in this title)—

13 “(i) treat qualified U.S. dollar
14 stablecoins as dollars, and

15 “(ii) treat other stablecoins as cur-
16 rency if such treatment would increase
17 Federal revenues.”.

18 **SEC. 4. RULES OF CONSTRUCTION.**

19 (a) NO INFERENCE WITH RESPECT TO APPLICATION
20 OF OTHER PROVISIONS OF LAW.—Except as otherwise ex-
21 pressly provided by this Act (or an amendment made by
22 this Act) with respect to the application of one or more
23 provisions of the Internal Revenue Code of 1986, nothing
24 in this Act (or any amendment made by this Act) shall
25 be construed to create an inference that a digital asset

1 does or does not constitute a security, a commodity, debt,
2 equity, stock, a partnership interest, or an interest in a
3 trust, for purposes of any provision of law.

4 (b) NO INFERENCE WITH RESPECT TO PRIOR PERI-
5 ODS.—No provision of this Act (or any amendment made
6 by this Act) shall be construed to create any inference with
7 respect to the proper application of any provision of the
8 Internal Revenue Code of 1986 with respect to any period
9 before the period to which such provision or amendment
10 applies.