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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. 9174

To establish the Digital Assets Voluntary Disclosure Program.

IN THE HOUSE OF REPRESENTATIVES

Mr. BEAN of Florida introduced the following bill; which was referred to the
Committee on _____

A BILL

To establish the Digital Assets Voluntary Disclosure
Program.

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.**

4 This Act may be cited as the “Digital Assets Vol-
5 untary Disclosure Program Act”.

6 **SEC. 2. ESTABLISHMENT OF DIGITAL ASSETS VOLUNTARY**
7 **DISCLOSURE PROGRAM.**

8 (a) IN GENERAL.—Not later than 12 months after
9 the date of the enactment of this Act, the Secretary shall

1 establish the Digital Assets Voluntary Disclosure Program
2 (hereinafter referred to as the “program”) to allow eligible
3 taxpayers to remedy digital assets violations by fulfilling
4 the remedial requirements described in subsection (b).

5 (b) REMEDIAL REQUIREMENTS.—The remedial re-
6 quirements of this subsection are fulfilled if, at such time
7 and in such manner as the Secretary determines appro-
8 priate—

9 (1) in the case of an uncertified eligible tax-
10 payer, such taxpayer—

11 (A) submits an application to participate
12 in the program,

13 (B) files, not later than 24 months after
14 the date on which the Secretary establishes the
15 program, an amended return for each applica-
16 ble taxable year with respect to which the prop-
17 er amount of any tax item is affected by any
18 digital assets violation,

19 (C) notwithstanding the expiration of any
20 period of limitation on assessment, provides im-
21 mediate payment, or enters into (and is in com-
22 pliance with) an installment agreement under
23 section 6159 to provide payment, of—

24 (i) the aggregate amount of the defi-
25 ciency of tax (including any interest there-

1 on) attributable to all digital assets viola-
2 tions, and

3 (ii) the digital assets violation penalty,
4 and

5 (D) fulfills such other requirements, and
6 provides such other information, as the Sec-
7 retary determines appropriate, and

8 (2) in the case of a certified eligible taxpayer,
9 such taxpayer fulfills the requirements of subpara-
10 graphs (B), (C), and (D) of paragraph (1).

11 For purposes of paragraph (1)(A), the Secretary may im-
12 pose a reasonable fee for submission of an application to
13 participate in the program.

14 (c) BENEFITS.—If the remedial requirements de-
15 scribed in subsection (b) have been fulfilled to the satisfac-
16 tion of the Secretary—

17 (1) in the case of an uncertified eligible tax-
18 payer—

19 (A) payment of the digital assets violation
20 penalty under subsection (b)(1)(C)(ii) shall
21 waive all further penalties under sections 6662
22 and 6663 with respect to any deficiency of tax
23 attributable to any digital assets violation prop-
24 erly disclosed by the taxpayer under the pro-
25 gram, and

1 (B) the Secretary shall not use any infor-
2 mation properly disclosed by the taxpayer under
3 the program for purposes of referring such tax-
4 payer for criminal investigation, or prosecuting
5 such taxpayer, under section 7201, 7203, or
6 7206 (other than paragraph (2) thereof) with
7 respect to any digital assets violation properly
8 disclosed by the taxpayer under the program,
9 and

10 (2) in the case of a certified eligible taxpayer,
11 payment of the digital assets violation penalty under
12 subsection (b)(1)(C)(ii) shall waive all further pen-
13 alties under section 6662 with respect to any defi-
14 ciency of tax attributable to any digital assets viola-
15 tion properly disclosed by the taxpayer under the
16 program.

17 (d) DEFINITIONS.—For purposes of this section—

18 (1) ELIGIBLE TAXPAYER.—

19 (A) IN GENERAL.—The term “eligible tax-
20 payer” means any uncertified eligible taxpayer
21 or certified eligible taxpayer.

22 (B) UNCERTIFIED ELIGIBLE TAXPAYER.—

23 The term “uncertified eligible taxpayer” means
24 any taxpayer who—

1 (i) committed any digital assets viola-
2 tion during the applicable period,

3 (ii) does not certify, under penalty of
4 perjury, that no digital assets violation oc-
5 ccurring during the applicable period was
6 committed fraudulently or willfully, and

7 (iii) if subject to—

8 (I) any ongoing criminal inves-
9 tigation with respect to any digital as-
10 sets violation, or

11 (II) any ongoing audit or exam-
12 ination by the Internal Revenue Serv-
13 ice with respect to any applicable tax-
14 able year,

15 has been issued a waiver by the Secretary
16 to nonetheless participate in the program.

17 (C) CERTIFIED ELIGIBLE TAXPAYER.—The
18 term “certified eligible taxpayer” means any
19 taxpayer who—

20 (i) committed any digital assets viola-
21 tion during the applicable period,

22 (ii) certifies, under penalty of perjury,
23 that no digital assets violation occurring
24 during the applicable period was com-
25 mitted fraudulently or willfully, and

1 (iii) if subject to any ongoing audit or
2 examination by the Internal Revenue Serv-
3 ice with respect to any applicable taxable
4 year, has been issued a waiver by the Sec-
5 retary to nonetheless participate in the
6 program.

7 (2) DIGITAL ASSETS VIOLATION.—

8 (A) IN GENERAL.—The term “digital as-
9 sets violation” means, with respect to any eligi-
10 ble taxpayer, any instance in which such tax-
11 payer failed to comply with a requirement
12 under the Internal Revenue Code of 1986 if—

13 (i) such instance relates to the owner-
14 ship of, or transactions in, digital assets
15 during the applicable period, and

16 (ii) such failure affects the proper
17 amount of any tax item with respect to any
18 applicable taxable year.

19 (B) DIGITAL ASSET.—For purposes of sub-
20 paragraph (A), the term “digital asset” means,
21 except as otherwise provided by the Secretary,
22 any digital representation of value which is re-
23 corded on a cryptographically secured distrib-
24 uted ledger or any similar technology as speci-
25 fied by the Secretary.

1 (3) APPLICABLE PERIOD.—The term “applica-
2 ble period” means, with respect to any eligible tax-
3 payer, the period—

4 (A) beginning with the later of—

5 (i) the taxpayer’s first taxable year
6 with respect to which the proper amount of
7 any tax item is affected by any digital as-
8 sets violation, or

9 (ii) the taxpayer’s first taxable year
10 with respect to which a return of tax was
11 filed during the 6-year period (3-year pe-
12 riod in the case of a certified eligible tax-
13 payer) immediately preceding the date of
14 the enactment of this Act, and

15 (B) ending with the taxpayer’s last taxable
16 year ending before the date of the enactment of
17 this Act.

18 (4) APPLICABLE TAXABLE YEAR.—The term
19 “applicable taxable year” means, with respect to any
20 eligible taxpayer, any taxable year during the appli-
21 cable period with respect to such taxpayer.

22 (5) DIGITAL ASSETS VIOLATION PENALTY.—

23 (A) IN GENERAL.—The digital assets viola-
24 tion penalty is an amount equal to the sum
25 of—

1 (i) 25 percent (0 percent in the case
2 of a certified eligible taxpayer) of the ag-
3 gregate amount of so much of the defi-
4 ciency of tax attributable to all digital as-
5 sets violations as does not exceed \$25,000
6 with respect to each applicable taxable
7 year, plus

8 (ii) 40 percent (5 percent in the case
9 of a certified eligible taxpayer) of the ag-
10 gregate amount of so much of the defi-
11 ciency of tax attributable to all digital as-
12 sets violations as exceeds \$25,000 with re-
13 spect to each applicable taxable year.

14 (B) SPECIAL RULES FOR AMENDED RE-
15 TURNS FILED AFTER CERTAIN DATE.—In the
16 case of an amended return with respect to any
17 applicable taxable year filed after the date that
18 is 12 months after the date on which the Sec-
19 retary establishes the program, subparagraph
20 (A) shall be applied with respect to such appli-
21 cable taxable year—

22 (i) by substituting “40 percent” in
23 lieu of “25 percent” in clause (i) thereof,

24 (ii) by substituting “5 percent” in lieu
25 of “0 percent” in clause (i) thereof,

1 (iii) by substituting “50 percent” in
2 lieu of “40 percent” in clause (ii) thereof,
3 (iv) by substituting “10 percent” in
4 lieu of “5 percent” in clause (ii) thereof,
5 and

6 (v) in the case of a certified eligible
7 taxpayer, by substituting “\$100,000” in
8 lieu of “\$25,000” each place it appears.

9 (C) WAIVER BY SECRETARY.—The Sec-
10 retary may waive part or all of the digital as-
11 sets violation penalty to the extent the Sec-
12 retary determines that such a waiver would be
13 in the interests of justice and the proper admin-
14 istration of the internal revenue laws, including
15 in cases involving digital assets violations at-
16 tributable to reasonable cause (as determined
17 by the Secretary).

18 (6) SECRETARY.—The term “Secretary” means
19 the Secretary of the Treasury or the Secretary’s del-
20 egate.

21 (e) APPLICABILITY OF SECTION 6665 OF INTERNAL
22 REVENUE CODE OF 1986.—For purposes of this section,
23 any deficiency of tax or digital assets violation penalty
24 shall be assessed, collected, and paid in the same manner
25 as taxes, as provided in section 6665(a) (without regard

1 to any restrictions on assessment described in section
2 6213).

3 (f) REFERENCES TO INTERNAL REVENUE CODE OF
4 1986.—Except as otherwise expressly provided, whenever
5 in this section a reference is made to a section, the ref-
6 erence shall be considered to be made to a section of the
7 Internal Revenue Code of 1986.

8 (g) REGULATORY AUTHORITY.—The Secretary shall
9 prescribe such regulations or other guidance as may be
10 necessary or appropriate to carry out the purposes of this
11 section, including with respect to the provision of reason-
12 able assurances to taxpayers that any information prop-
13 erly disclosed under the program shall not be used in con-
14 travention of any benefit described in subsection (e).