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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. 9178

To amend the Internal Revenue Code of 1986 to reduce certain tax compliance burdens with respect to digital asset ownership, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. YAKYM introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Internal Revenue Code of 1986 to reduce certain tax compliance burdens with respect to digital asset ownership, 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 “Less Tax Paperwork for Digital Asset Owners Act”.

6 (b) **REFERENCES.**—Except as otherwise expressly
7 provided, whenever in this Act an amendment or repeal
8 is expressed in terms of an amendment to, or repeal of,

1 a section or other provision, the reference shall be consid-
2 ered to be made to a section or other provision of the In-
3 ternal Revenue Code of 1986.

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

Sec. 1. Short title; etc.

Sec. 2. Treatment of de minimis digital asset network fees.

Sec. 3. Simplified accounting for gain and loss on widely traded digital assets.

Sec. 4. Treatment of U.S. dollar stablecoin transactions.

Sec. 5. Broker requirements.

Sec. 6. Definitions.

6 **SEC. 2. TREATMENT OF DE MINIMIS DIGITAL ASSET NET-**
7 **WORK FEES.**

8 (a) IN GENERAL.—Part III of subchapter O of chap-
9 ter 1 of subtitle A is amended by inserting after section
10 1043 the following new section:

11 **“SEC. 1044. DE MINIMIS NETWORK FEE EXCEPTION.**

12 “(a) IN GENERAL.—No gain or loss shall be recog-
13 nized on the disposition of a digital asset in payment of
14 a de minimis network fee.

15 “(b) DE MINIMIS NETWORK FEE.—For purposes of
16 this section—

17 “(1) IN GENERAL.—The term ‘de minimis net-
18 work fee’ means an amount paid or incurred in a
19 digital asset transaction to validate another digital
20 asset transaction if the aggregate amount so paid or
21 incurred with respect to the validation of such other
22 digital asset transaction does not exceed \$10.

1 “(2) NETWORK FEE.—The term ‘network fee’
2 means any amount which would be a de minimis
3 network fee if paragraph (1) were applied without
4 regard to the dollar limitation specified therein.

5 “(c) DISPOSITION OF DIGITAL ASSET USED TO PAY
6 NETWORK FEE.—For purposes of this section—

7 “(1) a disposition of a digital asset shall not
8 fail to be treated as a payment merely because such
9 asset is not received by another person, and

10 “(2) any payment of a network fee using a dig-
11 ital asset shall be treated as a disposition of such
12 asset in exchange for consideration equal to the fair
13 market value of such digital asset.

14 “(d) TREATMENT OF UNRECOGNIZED GAIN.—The
15 amount of any network fee which would otherwise be
16 taken into account in determining the amount of gain or
17 loss on the disposition of any asset, in determining the
18 amount of any deduction, or in determining the basis of
19 any asset acquired, shall be reduced by the amount of any
20 gain not recognized by reason of subsection (a) with re-
21 spect to the disposition of the digital asset used to pay
22 such network fee.

23 “(e) EXCLUSIONS.—

24 “(1) TRADE OR BUSINESS.—

1 “(A) IN GENERAL.—Subsection (a) shall
2 not apply to the disposition of a digital asset
3 by—

4 “(i) a trader, broker, or dealer in dig-
5 ital assets,

6 “(ii) a person in the trade or business
7 of batching or facilitating the validation of
8 digital asset transactions on behalf of oth-
9 ers,

10 “(iii) to the extent provided by the
11 Secretary, any person in a trade or busi-
12 ness which is substantially similar to a
13 trade or business described in clause (i) or
14 (ii), or

15 “(iv) any person that engaged in more
16 than 5,000 digital asset transactions dur-
17 ing the preceding taxable year.

18 “(B) ADMINISTRATIVE CONVENIENCE EX-
19 CEPTION.—

20 “(i) IN GENERAL.—Subparagraph (A)
21 shall not apply to any taxpayer that dem-
22 onstrates to the Secretary that such tax-
23 payer is of a type with respect to which not
24 applying subparagraph (A) will not result
25 in a substantial Federal revenue loss.

1 “(ii) GUIDANCE.—The Secretary shall
2 issue guidance that—

3 “(I) identifies different types of
4 taxpayers with respect to which not
5 applying subparagraph (A) will not re-
6 sult in substantial Federal revenue
7 loss, and

8 “(II) specifies with respect to
9 each such type of taxpayer the infor-
10 mation that such taxpayer must pro-
11 vide to make the demonstration de-
12 scribed in clause (i).

13 “(iii) CERTAIN FACTORS REQUIRED
14 TO BE TAKEN INTO ACCOUNT.—The guid-
15 ance issued by the Secretary under clause
16 (ii) shall—

17 “(I) for purposes of determining
18 the classification of types of tax-
19 payers, and whether any Federal rev-
20 enue loss from not applying subpara-
21 graph (A) with respect to any such
22 type of taxpayer would be substantial,
23 take into account the method or meth-
24 ods used by such type of taxpayer for
25 selecting the digital assets used to pay

1 network fees and the average holding
2 period of such digital assets by such
3 type of taxpayer, and

4 “(II) determine Federal revenue
5 loss by reducing such loss by a rea-
6 sonable approximation of the addi-
7 tional administrative costs of the De-
8 partment of the Treasury, and the ad-
9 ditional compliance costs of such type
10 of taxpayer (and any person who
11 would be required to make additional
12 information return reporting with re-
13 spect to such type of taxpayer), which
14 would be imposed if subparagraph (A)
15 did not apply to such type of tax-
16 payer.

17 “(2) CERTAIN ACCOUNTING METHODS.—Sub-
18 section (a) shall not apply to any digital asset—

19 “(A) to which section 475, 1051(a), or
20 1256(a), or

21 “(B) except as otherwise provided by the
22 Secretary, to which a mark-to-market method
23 applies under any other provision of this sub-
24 title.

1 “(f) REGULATIONS.—The Secretary shall issue such
2 regulations or other guidance as may be necessary or ap-
3 propriate to carry out the purposes of this section, includ-
4 ing regulations or guidance to prevent the abuse of this
5 section through—

6 “(1) transaction structuring for the purpose of
7 qualifying for the exclusion provided in subsection
8 (a), and

9 “(2) the receipt of any value other than the val-
10 idation of a digital asset transaction in exchange for
11 a network fee.”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for part III of subchapter O of chapter 1 of subtitle A
14 is amended by inserting after the item relating to section
15 1043 the following new item:

“Sec. 1044. De minimis network fee exception.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to the disposition of assets after
18 December 31, 2027.

19 **SEC. 3. SIMPLIFIED ACCOUNTING FOR GAIN AND LOSS ON**
20 **WIDELY TRADED DIGITAL ASSETS.**

21 (a) IN GENERAL.—Part IV of subchapter O of chap-
22 ter 1 of subtitle A is amended by inserting before section
23 1052 the following new section:

1 **“SEC. 1051. ELECTION TO APPLY SIMPLIFIED ACCOUNTING**
2 **FOR GAIN AND LOSS ON WIDELY TRADED**
3 **DIGITAL ASSETS.**

4 “(a) IN GENERAL.—In the case of any designated
5 type of digital asset with respect to any taxpayer for any
6 taxable year—

7 “(1) such taxpayer shall recognize gain on such
8 designated type of digital asset for such taxable year
9 equal to the excess (if any) of—

10 “(A) the sum of—

11 “(i) the aggregate amount realized by
12 the taxpayer on sales or exchanges (includ-
13 ing nonrecognition transactions) of widely
14 traded digital assets of such designated
15 type during such taxable year,

16 “(ii) in the case of dispositions (in-
17 cluding nonrecognition transactions), other
18 than sales or exchange described in clause
19 (i), of widely traded digital assets of such
20 designated type, the fair market value of
21 such widely traded digital assets (deter-
22 mined as of the time of such dispositions),
23 and

24 “(iii) the fair market value of widely
25 traded digital assets of such designated

1 type held by such taxpayer as of the close
2 of the taxable year, over

3 “(B) the sum of—

4 “(i) the fair market value of consider-
5 ation provided by the taxpayer for the ac-
6 quisition of widely traded digital assets of
7 such designated type during the taxable
8 year,

9 “(ii) in the case of any disposition de-
10 scribed in subparagraph (A)(ii), any
11 amounts which would have reduced the
12 amount realized by the taxpayer on such
13 disposition if such disposition had been a
14 sale or exchange,

15 “(iii) in the case of the acquisition of
16 widely traded digital assets of such des-
17 ignated type during the taxable year the
18 basis of which in the hands of the taxpayer
19 are determined by reference to the basis of
20 such assets in the hands of the transferor,
21 the basis of such assets in the hands of the
22 taxpayer immediately after such acquisi-
23 tion, and

24 “(iv) the fair market value of widely
25 traded digital assets of such designated

1 type held by such taxpayer as of the close
2 of the preceding taxable year,

3 “(2) such taxpayer shall recognize loss on such
4 designated type of digital asset for such taxable year
5 equal to the excess (if any) of—

6 “(A) the amount described in paragraph
7 (1)(B), over

8 “(B) the amount described in paragraph
9 (1)(A), and

10 “(3) except as provided in paragraph (1) and
11 (2), such taxpayer shall not recognize any gain or
12 loss on the disposition of widely traded digital assets
13 of such designated type.

14 “(b) DESIGNATED TYPE OF DIGITAL ASSET.—For
15 purposes of this section—

16 “(1) IN GENERAL.—The term ‘designated type
17 of digital asset’ means, with respect to any taxpayer
18 for any taxable year, any type of widely traded dig-
19 ital asset with respect to which such taxpayer elects
20 the application of this section for such taxable year.

21 “(2) TYPE OF WIDELY TRADED DIGITAL
22 ASSET.—Widely traded digital assets shall be treated
23 as being of the same type if, and only if—

24 “(A) such assets are fungible, or

1 “(B) such assets are determined under
2 rules provided by the Secretary to have values
3 that are directly linked or highly correlated.

4 “(c) GAIN OR LOSS TREATED AS SHORT-TERM.—Any
5 gain or loss determined under subsection (a) shall be
6 treated as short-term capital gain or short-term capital
7 loss, respectively.

8 “(d) TREATMENT OF LENDING TRANSACTIONS.—

9 “(1) CERTAIN LENDING AGREEMENTS.—In the
10 case of any transfer of widely traded digital assets
11 to which section 1058(a) applies, such assets shall
12 be treated for purposes of this section as continuing
13 to be held by the transferor.

14 “(2) OTHER LENDING TRANSACTIONS.—In the
15 case of any loan of widely traded digital assets which
16 is not described in paragraph (1), except as other-
17 wise provided by the Secretary, such assets shall be
18 treated for purposes of this section as continuing to
19 be held by the lender.

20 “(e) ELECTION.—

21 “(1) APPLICATION OF ELECTION.—An election
22 under this section with respect to any designated
23 type of digital asset shall apply to the first taxable
24 year which begins after the date on which the tax-
25 payer makes such election and to each taxable year

1 thereafter unless revoked as provided in paragraph
2 (3).

3 “(2) PARTNERSHIPS AND S CORPORATIONS.—In
4 the case of any partnership or S corporation, the
5 election under this section shall be made at the part-
6 nership or S corporation level.

7 “(3) REVOCATION.—

8 “(A) IN GENERAL.—A taxpayer may re-
9 voke an election under this section with respect
10 to a taxable year which—

11 “(i) has not begun as of the date on
12 which such taxpayer requests such revoca-
13 tion, and

14 “(ii) is not one of the first 5 taxable
15 years to which such election applies.

16 “(B) DEEMED REVOCATION.—In the case
17 of any designated type of digital asset which
18 has ceased to be a widely traded digital asset,
19 the election under this section with respect to
20 such designated type shall be treated as revoked
21 with respect to the first taxable year beginning
22 after the date on which such designated type
23 ceases to be a widely traded digital asset.

24 “(C) 5-YEAR WAITING PERIOD.—In the
25 case of any revocation under this paragraph

1 with respect to any designated type of digital
2 asset, the taxpayer may not make an election
3 under this section with respect to such des-
4 ignated type if such election would apply to any
5 of the first 5 taxable years to which such rev-
6 ocation applies.

7 “(D) SPECIAL RULE FOR TRADERS MAK-
8 ING MARK-TO-MARKET ELECTION.—If a tax-
9 payer has in effect one or more elections under
10 this section with respect to designated types of
11 digital assets and such taxpayer makes the elec-
12 tion under section 475(f)(3) with respect to any
13 taxable year, the taxpayer shall (notwith-
14 standing subparagraph (A)) be treated as re-
15 voking all such elections under this section be-
16 ginning with such taxable year.

17 “(f) TRANSITION RULES RELATED TO ELECTION,
18 REVOCATION, AND CERTAIN TRANSFERS.—

19 “(1) TRANSITION RULE FOR ELECTION.—In the
20 case of an election under this section, with respect
21 to any designated type of digital asset, any widely
22 traded digital assets of such designated type held by
23 the taxpayer shall be treated as sold for fair market
24 value on the last day of the taxable year preceding
25 the first taxable year to which such election applies.

1 “(2) TRANSITION RULE FOR REVOCATION.—In
2 the case of a revocation of an election under this
3 section, proper adjustment shall be made in the
4 amount of any gain or loss subsequently realized for
5 gain or loss taken into account under subsection (a).

6 “(3) TRANSITION RULE FOR CERTAIN TRANS-
7 FERS.—In the case of any transfer of a widely trad-
8 ed digital asset which is a designated type of digital
9 asset with respect to the transferor for the taxable
10 year in which the transfer occurs, if the basis of
11 such asset in the hands of the transferee is deter-
12 mined by reference to the basis of such asset in the
13 hands of the transferor, the basis of such asset in
14 the hands of the transferor (solely for purposes of
15 determining the basis of such asset in the hands of
16 the transferee) shall be treated as being equal to the
17 fair market value of such asset at the time of such
18 transfer.

19 “(g) COORDINATION WITH CERTAIN OTHER PROVI-
20 SIONS.—

21 “(1) DETERMINED WITHOUT REGARD TO WASH
22 AND CONSTRUCTIVE SALE RULES.—Sections 1091
23 and 1259 shall not apply to any transaction with re-
24 spect to which gain or loss is not recognized by rea-
25 son of subsection (a)(3).

1 “(2) COORDINATION WITH RELATED PARTY
2 TRANSACTION RULES.—Section 267 shall not apply
3 with respect to a sale or exchange of property if the
4 transferor has an election in effect under this section
5 for the taxable year with respect to such property.

6 “(3) NONRECOGNITION PROVISIONS TO NOT
7 APPLY.—In the case of any transfer of a widely
8 traded digital asset which is not a designated type
9 of digital asset with respect to the transferor for the
10 taxable year of the transferor in which the transfer
11 occurs but which is a designated type of digital asset
12 with respect to the transferee for the taxable year of
13 the transferee in which the transfer occurs, if the
14 transferor and transferee are described in section
15 267(b) (applied without regard to section 267(c)(3))
16 or section 707(b)(1), gain or loss shall be recognized
17 on such transfer notwithstanding any other provision
18 of this title.

19 “(h) CLARIFICATION THAT CERTAIN TRANSFERS
20 ARE TREATED AS DISPOSITIONS.—The following shall not
21 fail to be treated as a disposition for purposes of this sec-
22 tion:

23 “(1) The distribution of any digital asset from
24 a trust to a beneficiary.

1 “(2) The transfer of any digital asset from a
2 decedent (whether or not incident to the decedent’s
3 death).

4 “(i) REGULATORY AUTHORITY.—The Secretary shall
5 prescribe such regulations or other guidance as may be
6 necessary or appropriate to carry out the purposes of this
7 section, including regulations or guidance relating to—

8 “(1) the form and manner of making an elec-
9 tion or revocation under this section,

10 “(2) adjustments necessary by reason of such
11 election or revocation,

12 “(3) adjustments to reporting requirements re-
13 lating to widely traded digital assets with respect to
14 which an election is in effect under this section,

15 “(4) the treatment of a derivative of a des-
16 ignated type of digital asset, and

17 “(5) preventing abuse of this section.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for part III of subchapter O of chapter 1 of subtitle A
20 is amended by inserting before the item relating to section
21 1052 the following new item:

 “Sec. 1051. Election to apply simplified accounting for gain and loss on widely
 traded digital assets.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2027.

1 **SEC. 4. TREATMENT OF U.S. DOLLAR STABLECOIN TRANS-**
2 **ACTIONS.**

3 (a) IN GENERAL.—Part IV of subchapter O of chap-
4 ter 1 of subtitle A is amended by redesignating section
5 1063 as section 1064 and by inserting after section 1062
6 the following new section:

7 **“SEC. 1063. CERTAIN U.S. DOLLAR STABLECOIN TRANS-**
8 **ACTIONS.**

9 “(a) TREATMENT OF ACQUISITIONS OF U.S. DOLLAR
10 STABLECOINS.—

11 “(1) DETERMINATION OF BASIS.—The basis of
12 any qualified U.S. dollar stablecoin acquired by a
13 taxpayer in any sale or exchange shall be the re-
14 demption value of such stablecoin. The preceding
15 sentence shall not apply if it is unreasonable under
16 the facts and circumstances to conclude that the
17 value of the consideration provided for such
18 stablecoin in such sale or exchange is not less than
19 99.5 percent of such redemption value.

20 “(2) TREATMENT OF CONSIDERATION PRO-
21 VIDED IN EXCHANGE.—For purposes of this title, in
22 the case of any consideration other than money pro-
23 vided in exchange for a qualified U.S. dollar
24 stablecoin, the income, gain, or loss resulting from
25 the provision of such consideration shall be deter-
26 mined by treating the value of such qualified U.S.

1 dollar stablecoin as being equal to the redemption
2 value of such stablecoin. The preceding sentence
3 shall not apply if it is unreasonable under the facts
4 and circumstances to conclude that the value of such
5 stablecoin is not less than 99.5 percent, and not
6 more than 100.5 percent, of such redemption value.

7 “(b) TREATMENT OF SALE OR EXCHANGE OF QUALI-
8 FIED U.S. DOLLAR STABLECOINS.—

9 “(1) DETERMINATION OF GAIN OR LOSS.—If
10 the taxpayer’s basis in any qualified U.S. dollar
11 stablecoin was determined under subsection (a)(1),
12 gain or loss on such taxpayer’s sale or exchange of
13 such stablecoin shall be determined as though such
14 stablecoin were sold or exchanged for the redemption
15 value of such stablecoin. The preceding sentence
16 shall not apply if it is unreasonable under the facts
17 and circumstances to conclude that the value of the
18 consideration received for such stablecoin in such
19 sale or exchange is not more than 100.5 percent of
20 such redemption value.

21 “(2) TREATMENT OF CONSIDERATION RE-
22 CEIVED IN EXCHANGE.—For purposes of this title,
23 in the case of any consideration other than money
24 received in exchange for a qualified U.S. dollar
25 stablecoin, the cost of (and amount paid or incurred

1 for) such consideration shall be determined by treat-
2 ing the value of such qualified U.S. dollar stablecoin
3 as being equal to the redemption value of such
4 stablecoin. The preceding sentence shall not apply if
5 it is unreasonable under the facts and circumstances
6 to conclude that the value of such stablecoin is not
7 less than 99.5 percent, and not more than 100.5
8 percent, of such redemption value.

9 “(c) EXCEPTIONS.—

10 “(1) IN GENERAL.—Subsections (a) and (b)
11 shall not apply with respect to any taxpayer for any
12 taxable year if such taxpayer is—

13 “(A) a trader, broker, or dealer in quali-
14 fied U.S. dollar stablecoins,

15 “(B) to the extent provided by the Sec-
16 retary, any person in a trade or business which
17 is substantially similar to a trade or business
18 described in subparagraph (A), or

19 “(C) any other person who in the pre-
20 ceeding taxable year engaged in more than 5,000
21 transactions to which subsection (a) or (b) ap-
22 plied, determined without regard to—

23 “(i) any such transaction which is
24 predominantly with respect to a trade or
25 business (other than a trade or business

1 described in subparagraph (A) or (B)), in-
2 cluding the acceptance of qualified U.S.
3 dollar stablecoins at redemption value as a
4 payment for goods or services in such
5 trade or business and the use of qualified
6 U.S. dollar stablecoins at redemption value
7 to acquire goods and services for use in
8 such trade or business, and

9 “(ii) any such transaction which is a
10 sale (for money) of a qualified U.S. dollar
11 stablecoin at or below redemption value.

12 “(2) FUNCTIONAL CURRENCY OTHER THAN
13 THE DOLLAR.—Subsections (a) and (b) shall not
14 apply to any taxpayer or qualified business unit (as
15 defined in section 989(a)) that uses a functional cur-
16 rency other than the dollar.

17 “(3) RELATED PARTIES.—In the case of any
18 sale or exchange between persons described in sec-
19 tion 267(b) (applied without regard to section
20 267(c)(3)) or section 707(b)(1)—

21 “(A) subsections (a)(1), (a)(2) and (b)(2)
22 shall be applied by substituting ‘100 percent’
23 for ‘99.5 percent’, and

1 “(B) subsections (a)(2), (b)(1), and (b)(2)
2 shall be applied by substituting ‘100 percent’
3 for ‘100.5 percent’.

4 “(d) REDEMPTION VALUE.—For purposes of this
5 section, the term ‘redemption value’ means, with respect
6 to a qualified U.S. dollar stablecoin, the dollar amount for
7 which the issuer is obligated to convert, redeem, or repur-
8 chase such stablecoin.

9 “(e) REGULATIONS.—The Secretary shall issue such
10 regulations or other guidance as may be necessary or ap-
11 propriate to carry out the purposes of this section, includ-
12 ing regulations or other guidance—

13 “(1) describing the factors considered, and docu-
14 mentation or substantiation required, with respect
15 to the facts and circumstances tests described in
16 subsections (a)(1), (a)(2), (b)(1), and (b)(2),

17 “(2) providing for the application of subsection
18 (c)(1) with respect to a portion of a taxable year if
19 the taxpayer only regularly purchases, exchanges, or
20 sells qualified U.S. dollar stablecoins for profit for a
21 portion of such taxable year, and

22 “(3) to prevent abuse of this section.”.

23 “(b) CLERICAL AMENDMENT.—The table of sections
24 for part IV of subchapter O of chapter 1 of subtitle A
25 is amended by redesignating the item relating to section

1 1063 as an item relating to section 1064 and by inserting
2 after the item relating to section 1062 the following new
3 item:

“Sec. 1063. Certain U.S. dollar stablecoin transactions.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2026.

7 **SEC. 5. BROKER REQUIREMENTS.**

8 (a) IN GENERAL.—

9 (1) EXCEPTION FOR QUALIFIED U.S. DOLLAR
10 STABLECOINS ACQUIRED AT REDEMPTION VALUE.—
11 Section 6045(g)(3)(D) is amended to read as fol-
12 lows:

13 “(D) SPECIFIED DIGITAL ASSET.—The
14 term ‘specified digital asset’ means any digital
15 asset other than a qualified U.S. dollar
16 stablecoin the customer’s basis in which at the
17 time of acquisition is at least 99.5 percent of
18 such stablecoin’s redemption value (as defined
19 in section 1063(e)).”.

20 (2) CONFORMING AMENDMENTS.—

21 (A) Section 6045(c)(1)(D) is amended by
22 striking “digital assets” and inserting “speci-
23 fied digital assets”.

24 (B) Subparagraph (B)(iv) and subpara-
25 graph (C)(iii) of section 6045(g)(3) are each

1 amended by striking “digital asset” and insert-
2 ing “specified digital asset”.

3 (C) Section 6050I(d)(3) is amended by
4 striking “(as defined in section
5 6045(g)(3)(D))”.

6 (b) SPECIAL RULES FOR DIGITAL ASSETS USED TO
7 PAY DE MINIMIS VALIDATION FEE.—Section 6045(g) is
8 amended by adding at the end the following new para-
9 graph:

10 “(7) SPECIAL RULES FOR DIGITAL ASSETS
11 USED TO PAY DE MINIMIS VALIDATION FEE.—

12 “(A) IN GENERAL.—Except as otherwise
13 provided by the Secretary, in the case of the
14 disposition of a digital asset with respect to
15 which no gain or loss is recognized by reason of
16 section 1044(a)—

17 “(i) except as provided in clause (ii),
18 subsection (a) shall not apply to such dis-
19 position, and

20 “(ii) the broker shall include in a re-
21 turn under subsection (a) such aggregate
22 information relating to such dispositions of
23 the taxpayer as the Secretary determines
24 necessary or appropriate, including for

1 purposes of verifying the taxpayer's basis
2 in digital assets held by the taxpayer.

3 “(B) APPLICATION OF DE MINIMIS EXCEP-
4 TION.—If the broker has been notified by the
5 taxpayer or the Secretary that the exception de-
6 scribed in section 1044(e)(1)(B) applies to such
7 taxpayer, the broker may treat such exception
8 as continuing to apply with respect to such tax-
9 payer for any calendar year (hereafter in this
10 subparagraph referred to as the ‘current cal-
11 endar year’) unless—

12 “(i) such taxpayer had more than
13 5,000 digital asset transactions with such
14 broker during any of the 5 preceding cal-
15 endar years and the taxpayer has not noti-
16 fied the broker that such exception applies
17 to such taxpayer for the current calendar
18 year,

19 “(ii) such taxpayer or the Secretary
20 notifies such broker that such exception
21 does not apply to such taxpayer, or

22 “(iii) such broker otherwise knows, or
23 has reason to know, that such exception
24 does not apply to such taxpayer.”.

1 (c) SPECIAL RULES FOR SIMPLIFIED ACCOUNTING
2 FOR WIDELY TRADED DIGITAL ASSETS.—Section
3 6045(g), as amended by subsection (b), is amended by
4 adding at the end the following new paragraph:

5 “(8) SPECIAL RULES FOR SIMPLIFIED AC-
6 COUNTING FOR WIDELY TRADED DIGITAL ASSETS.—

7 “(A) IN GENERAL.—Except as otherwise
8 provided by the Secretary, in the case of widely
9 traded digital assets with respect to which an
10 election under section 1051 applies—

11 “(i) except as provided in clause (ii),
12 subsection (a) shall not apply to disposi-
13 tions of such assets, and

14 “(ii) the broker shall include in a re-
15 turn under subsection (a) such information
16 with respect to each designated type of
17 such assets (within the meaning of section
18 1051) as the Secretary may provide, in-
19 cluding—

20 “(I) aggregate reporting with re-
21 spect to sales, exchanges, dispositions,
22 and acquisitions of assets of such des-
23 ignated type (including net gain or
24 loss thereon),

1 “(II) the fair market value of as-
2 sets of such designated type held by
3 the taxpayer as of the beginning and
4 end of the calendar year, and

5 “(III) such other information as
6 the Secretary may require with re-
7 spect to assets of such designated
8 type for purposes of the administra-
9 tion of section 1051.

10 “(B) DETERMINATION OF ELECTION
11 BASED ON BROKER NOTIFICATION.—For pur-
12 poses of subparagraph (A), the broker shall
13 take into account any election under section
14 1051 (and any revocation of such election) if
15 (and only if) the taxpayer or the Secretary noti-
16 fies such broker of such election (or revocation)
17 or such broker otherwise knows, or has reason
18 to know, of such election (or revocation).”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to returns required to be filed, and
21 statements required to be furnished, after December 31,
22 2027.

23 **SEC. 6. DEFINITIONS.**

24 Section 7701 is amended—

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

3 (2) by inserting after subsection (o) the fol-
4 lowing new subsection:

5 “(p) DEFINITIONS RELATED TO DIGITAL ASSETS.—
6 For purposes of this title—

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

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

17 “(A) such asset is fungible,

18 “(B) quotations of such asset are readily
19 available on an exchange (or, in the case of an
20 exchange that does not provide quotations, such
21 quotations are readily ascertainable), and

22 “(C) such asset is either—

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

1 “(ii) a wrapped digital asset with re-
2 spect to which the reference digital asset is
3 a traded digital asset.

4 “(3) WIDELY TRADED DIGITAL ASSET.—

5 “(A) IN GENERAL.—The term ‘widely
6 traded digital asset’ means, with respect to any
7 taxpayer for any taxable year and except as
8 otherwise provided by the Secretary to prevent
9 abuse, any traded digital asset if—

10 “(i) quotations for such asset were
11 readily available on an exchange for the
12 entire calendar year which ends in or with
13 the taxable year preceding such taxable
14 year,

15 “(ii) the market capitalization of such
16 asset exceeded \$500,000,000 at substan-
17 tially all times during such calendar year,
18 and

19 “(iii) not more than 10 percent of the
20 units of such asset were owned, directly or
21 indirectly, by the taxpayer or any person
22 described with respect to the taxpayer
23 under section 267(b) (applied without re-
24 gard to section 267(c)(3)) or section

1 707(b)(1) at any time during such taxable
2 year or such preceding taxable year.

3 “(B) SPECIAL RULE FOR WRAPPED DIG-
4 ITAL ASSETS.—In the case of any wrapped dig-
5 ital asset, except as otherwise provided by the
6 Secretary to prevent abuse, such asset shall be
7 treated as a widely traded digital asset if, and
8 only if, the reference digital asset with respect
9 to such wrapped digital asset is a widely traded
10 digital asset.

11 “(C) AUTHORITY TO ENSURE RELIABLE
12 PRICE DISCOVERY.—For purposes of subpara-
13 graphs (A) and (B), the term ‘prevent abuse’
14 includes the exclusion of assets that lack reli-
15 able price discovery or that the Secretary deter-
16 mines are at risk of price manipulation.

17 “(D) AUTHORITY TO ADJUST REQUIRE-
18 MENTS.—The Secretary may, by regulation,
19 provide requirements that apply in lieu of one
20 or more of the requirements of clauses (i)
21 through (iii) of subparagraph (A) if the Sec-
22 retary determines that due to changes in mar-
23 ket conditions (including by reason of the en-
24 actment of Federal digital asset market struc-
25 ture legislation) that such alternative require-

1 ments would more effectively or efficiently iden-
2 tify traded digital assets for which there is con-
3 sistent and reliable price discovery.

4 “(E) INFLATION ADJUSTMENT.—In the
5 case of any calendar year after 2027, the
6 \$500,000,000 amount in subparagraph (A)(ii)
7 shall be increased by an amount equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the cost-of-living adjustment de-
10 termined under section 1(f)(3) for such
11 calendar year, determined by substituting
12 ‘calendar year 2026’ for ‘calendar year
13 2016’ in subparagraph (A)(ii) thereof.

14 Any increase determined under the preceding
15 sentence which is not a multiple of \$100,000
16 shall be rounded to the nearest multiple of
17 \$100,000.

18 “(4) TOKENIZED DIGITAL ASSET.—The term
19 ‘tokenized digital asset’ means any digital asset
20 (other than any qualified U.S. dollar stablecoin) if
21 more than an insignificant portion of the value of
22 such digital asset is related to anything other than
23 the operation of the cryptographically secured dis-
24 tributed ledger on which such digital asset is re-
25 corded.

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

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

7 “(B) is recorded on a cryptographically se-
8 cured distributed ledger other than the cryp-
9 tographically secured distributed ledger on
10 which the digital asset referred to in subpara-
11 graph (A) is recorded.

12 “(6) REFERENCE DIGITAL ASSET.—

13 “(A) IN GENERAL.—The term ‘reference
14 digital asset’ means, with respect to any
15 wrapped digital asset, the digital asset referred
16 to in paragraph (5)(A).

17 “(B) SPECIAL RULE FOR REWRAPPINGS.—
18 If, but for this subparagraph, the reference dig-
19 ital asset with respect to any wrapped digital
20 asset would be a wrapped digital asset (here-
21 after referred to in this paragraph as the lower-
22 tier wrapped digital asset)—

23 “(i) subparagraph (A) shall be applied
24 with respect to such lower-tier wrapped
25 digital asset, and

1 “(ii) the reference digital asset with
2 respect to such lower-tier wrapped digital
3 asset shall be treated as the reference dig-
4 ital asset of such wrapped digital asset.

5 “(C) MULTIPLE WRAPPINGS.— If, after
6 the application of subparagraph (B), the ref-
7 erence digital asset with respect to the lower-
8 tier wrapped digital asset is a wrapped digital
9 asset, such subparagraph shall be reapplied by
10 treating such lower-tier wrapped digital asset as
11 the wrapped digital asset.

12 “(7) STABLECOIN.—

13 “(A) QUALIFIED U.S. DOLLAR
14 STABLECOIN.—The term ‘qualified U.S. dollar
15 stablecoin’ means any U.S. dollar stablecoin
16 which is issued by—

17 “(i) a permitted payment stablecoin
18 issuer (as defined in section 2(23) of the
19 GENIUS Act, as in effect on the date of
20 the enactment of this paragraph), or

21 “(ii) a foreign payment stablecoin
22 issuer (as defined in section 2(12) of the
23 GENIUS Act, as so in effect) which is per-
24 mitted under such Act (as so in effect) to
25 offer, sell, or otherwise make available

1 such U.S. dollar stablecoin in the United
2 States.

3 “(B) U.S. DOLLAR STABLECOIN.—The
4 term ‘U.S. dollar stablecoin’ means a payment
5 stablecoin as defined in section 2(22) of the
6 GENIUS Act (as in effect on the date of the
7 enactment of this paragraph) applied by sub-
8 stituting ‘dollars’ for ‘monetary value’ each
9 place it appears in such section.

10 “(C) PUBLICATION OF LIST.—The Sec-
11 retary shall, to the extent feasible, regularly
12 publish a list of qualified U.S. dollar
13 stablecoins.

14 “(D) LIMITED AUTHORITY TO TREAT
15 STABLECOINS AS MONEY.—The Secretary may
16 issue such regulations or other guidance as may
17 be necessary or appropriate to (except as other-
18 wise expressly provided in this title)—

19 “(i) treat qualified U.S. dollar
20 stablecoins as dollars, and

21 “(ii) treat other stablecoins as cur-
22 rency if such treatment would increase
23 Federal revenues.

24 “(8) DIGITAL ASSET TRANSACTION.—The term
25 ‘digital asset transaction’ means any transfer of a

1 digital asset recorded on the cryptographically se-
2 cured distributed ledger (or similar technology) re-
3 ferred to in paragraph (1).

4 “(9) VALIDATION.—The term ‘validate’, and
5 any derivative of such term (including ‘validation’),
6 when used in connection with a digital asset trans-
7 action, includes the processes of proposing trans-
8 actions for validation and verifying the validation of
9 transactions.”.