

[DISCUSSION DRAFT]

119TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to source gain from the sale of digital assets by certain United States persons in the United States if significant income tax on such gain is not actually paid to a foreign country.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To amend the Internal Revenue Code of 1986 to source gain from the sale of digital assets by certain United States persons in the United States if significant income tax on such gain is not actually paid to a foreign country.

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 “End Digital Assets
5 Tax Shelters Act”.

1 **SEC. 2. CERTAIN GAIN ON SALE OF DIGITAL ASSETS TREAT-**
2 **ED AS SOURCED IN THE UNITED STATES.**

3 (a) IN GENERAL.—Section 865(g) of the Internal
4 Revenue Code of 1986 is amended by adding at the end
5 the following new paragraph:

6 “(4) SPECIAL RULE FOR CERTAIN SALES OF
7 DIGITAL ASSETS.—

8 “(A) IN GENERAL.—Notwithstanding sub-
9 section (j)(3), for purposes of this section, a
10 United States citizen or resident alien shall be
11 treated as a United States resident with respect
12 to any sale of a digital asset (or any other per-
13 sonal property if such property was received in
14 exchange for a digital asset in a nonrecognition
15 transaction) during any taxable year if such
16 United States citizen or resident alien was a
17 United States resident for purposes of this sec-
18 tion (determined without regard to this para-
19 graph and paragraph (2)) with respect to any
20 of the 10 preceding taxable years. The pre-
21 ceding sentence shall not apply if income tax
22 equal to at least 10 percent of the gain derived
23 from such sale is actually paid to a foreign
24 country with respect to that gain.

25 “(B) DIGITAL ASSET.—For purposes of
26 this paragraph, the term ‘digital asset’ has the

1 meaning given such term in section
2 6045(g)(3)(D).”.

3 (b) CONFORMING AMENDMENT.—Section 865(g)(2)
4 of such Code is amended by striking “not be treated as
5 a nonresident” and inserting “be treated as a United
6 States resident”.

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