

117TH CONGRESS
1ST SESSION

H. R. 5083

To amend the Internal Revenue Code of 1986 to clarify the definition of a broker, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 23, 2021

Mr. SOTO introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to clarify the definition of a broker, 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.**

4 This Act may be cited as the “Cryptocurrency Tax
5 Reform Act”.

6 **SEC. 2. INFORMATION REPORTING FOR BROKERS AND DIG-**
7 **ITAL ASSETS.**

8 (a) CLARIFICATION OF DEFINITION OF BROKER.—

9 Section 6045(c)(1) of the Internal Revenue Code of 1986
10 is amended—

1 (1) by striking “and” at the end of subpara-
2 graph (B),

3 (2) in subparagraph (C)—

4 (A) by striking “any other person who (for
5 a consideration)” and inserting “any person
6 who (for consideration)”, and

7 (B) by striking the period at the end and
8 inserting “, and”, and

9 (3) by adding at the end the following new sub-
10 paragraph:

11 “(D) any person who (for consideration) is
12 responsible for regularly providing any service
13 effectuating transfers of digital assets on behalf
14 of another person.”.

15 (b) REPORTING OF DIGITAL ASSETS.—

16 (1) BROKERS.—

17 (A) TREATMENT AS SPECIFIED SECUR-
18 RITY.—Section 6045(g)(3)(B) of the Internal
19 Revenue Code of 1986 is amended by striking
20 “and” at the end of clause (iii), by redesign-
21 ating clause (iv) as clause (v), and by insert-
22 ing after clause (iii) the following new clause:

23 “(iv) any digital asset, and”.

24 (B) DEFINITION OF DIGITAL ASSET.—Sec-
25 tion 6045(g)(3) of such Code is amended by

1 adding at the end the following new subpara-
2 graph:

3 “(D) DIGITAL ASSET.—Except as other-
4 wise provided by the Secretary, the term ‘digital
5 asset’ means any digital representation of value
6 which is recorded on a cryptographically se-
7 cured distributed ledger or any similar tech-
8 nology as specified by the Secretary.”.

9 (C) APPLICABLE DATE.—Section
10 6045(g)(3)(C) of such Code is amended—

11 (i) in clause (ii), by striking “and” at
12 the end,

13 (ii) by redesignating clause (iii) as
14 clause (iv), and

15 (iii) by inserting after clause (iii) the
16 following:

17 “(iii) January 1, 2023, in the case of
18 any specified security which is a digital
19 asset, and”.

20 (2) FURNISHING OF INFORMATION.—

21 (A) IN GENERAL.—Section 6045A of such
22 Code is amended—

23 (i) in subsection (a), by striking “a
24 security which is”, and

1 (ii) by adding at the end the fol-
2 lowing:

3 “(b) RETURN REQUIREMENT FOR CERTAIN TRANS-
4 FERS OF DIGITAL ASSETS NOT OTHERWISE SUBJECT TO
5 REPORTING.—Any broker, with respect to any transfer
6 (which is not part of a sale or exchange executed by such
7 broker) during a calendar year of a covered security which
8 is a digital asset from an account maintained by such
9 broker to an account which is not maintained by, or an
10 address not associated with, a person that such broker
11 knows or has reason to know is also a broker, shall make
12 a return for such calendar year, in such form as deter-
13 mined by the Secretary, showing the information otherwise
14 required to be furnished with respect to transfers subject
15 to subsection (a).”.

16 (B) REPORTING PENALTIES.—Section
17 6724(d)(1)(B) of such Code is amended by
18 striking “or” at the end of clause (xxv), by
19 striking “and” at the end of clause (xxvi), and
20 by inserting after clause (xxvi) the following
21 new clause:

22 “(xxvii) section 6045A(d) (relating to
23 returns for certain digital assets),”.

24 (C) TREATMENT AS CASH FOR PURPOSES
25 OF SECTION 6050I.—Section 6050I(d) of such

1 Code is amended by striking “and” at the end
2 of paragraph (1), by striking the period at the
3 end of paragraph (2) and inserting “, and”,
4 and by inserting after paragraph (2) the fol-
5 lowing new paragraph:

6 “(3) any digital asset (as defined in section
7 6045(g)(3)(D)).”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to returns required to be filed, and
10 statements required to be furnished, after December 31,
11 2023.

12 (d) RULES OF CONSTRUCTION.—

13 (1) DEFINITION OF BROKER.—Nothing in this
14 section or the amendments made by this section
15 shall be construed to create any inference that a per-
16 son described in section 6045(c)(1)(D) of the Inter-
17 nal Revenue Code of 1986, as added by this section,
18 includes any person solely engaged in the business
19 of—

20 (A) validating distributed ledger trans-
21 actions,

22 (B) selling hardware or software for which
23 the sole function is to permit a person to con-
24 trol private keys which are used for accessing
25 digital assets on a distributed ledger, or

1 (C) developing digital assets or their cor-
2 responding protocols for use by other persons,
3 provided that such other persons are not cus-
4 tomers of the person developing such assets or
5 protocols.

6 (2) BROKERS AND TREATMENT OF DIGITAL AS-
7 SETS.—Nothing in this section or the amendments
8 made by this section shall be construed to create any
9 inference, for any period prior to the effective date
10 of such amendments, with respect to—

11 (A) whether any person is a broker under
12 section 6045(c)(1) of the Internal Revenue
13 Code of 1986, or

14 (B) whether any digital asset is property
15 which is a specified security under section
16 6045(g)(3)(B) of such Code.

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