

House taxwriters OK measure to rescind digital asset regs, support disaster-relief bills

The House Ways and Means Committee on February 26 approved a resolution of disapproval which, if passed by both chambers of Congress and signed by the president, would invalidate recently issued final regulations from the Treasury Department and the Internal Revenue Service requiring noncustodial industry participants to report digital asset transactions to the IRS; meanwhile, the panel approved with bipartisan support two additional proposals that would provide tax relief for victims of a natural disaster. (A consolidated copy of the resolution and the two bills, including amendments and JCT descriptions are included here.)

[URL: https://public-inspection.federalregister.gov/2024-30496.pdf](https://public-inspection.federalregister.gov/2024-30496.pdf)

[URL: https://waysandmeans.house.gov/event/markup-of-h-r-1491-h-r-517-and-h-j-res-25/](https://waysandmeans.house.gov/event/markup-of-h-r-1491-h-r-517-and-h-j-res-25/)

Opening statements by House Ways and Means Committee Chairman Jason Smith (R-Mo.) and Ranking Member Richard Neal (D-Mass.) were previews as to which issues each party focused on during the sometimes contentious mark up; for the most part, the Republican committee members endorsed the resolution and both disaster relief measures, while their Democratic counterparts seized the occasion to criticize actions taken by the GOP over the past several weeks.

Regarding the disapproval resolution, Smith told the panel that “[t]he IRS stretched its directives from Congress in the 2021 infrastructure law to enact a cryptocurrency agenda and unnecessarily regulate the providers of digital wallets. The winners of this last-minute rule are foreign digital asset companies who are exempt from the burdensome requirements. The losers are the roughly 1 in 4 Americans who own cryptocurrency.”

As to one of the disaster relief bills, Smith stated that “[t]his bill provides a common-sense solution that would fix this issue so that victims of natural disasters have additional time to claim a refund in the same way that those who request a filing extension receive additional time.”

For his part, Ranking Member Richard Neal (D-Mass.) – like most other Democratic committee members – focused on other issues, including passage of the House budget resolution, which, he argued, would benefit the “wealthiest” Americans at the expense of everyone else; the Department of Government Efficiency’s efforts to access taxpayer and health data; the reduction in the amount of funding that would support Medicaid recipients; the reduced number of Americans who have filed their taxes (so far) in this filing season which started on January 27; and the high cost of consumer goods in this country.

Disapproving digital asset regs

The resolution disapproving the Treasury and the IRS’ regulations on reporting digital asset transactions (H.J. Res. 25) was sponsored by Republican taxwriter Mike Carey of Ohio and cleared the committee by a vote of 26-16. It was introduced under the Congressional Review Act, which allows Congress to review and disapprove certain rules issued by federal agencies. The process also provides that a disapproval resolution requires only a

simple majority for passage in the Senate rather than the three-fifths majority – or 60 votes – typically needed to overcome procedural hurdles in that chamber.

[URL: https://www.congress.gov/bill/119th-congress/house-joint-resolution/25/text](https://www.congress.gov/bill/119th-congress/house-joint-resolution/25/text)

If a disapproval resolution reaches the White House and gains the president’s signature, the underlying rule is treated as though it had never taken effect and cannot be reissued in a substantially similar form unless specifically authorized in a subsequent law.

The resolution would rescind the IRS’ December 2024 final regulations on digital assets that address a revised definition of “digital asset middleman” which was initially defined as any person who provides certain facilitative services with respect to a sale of digital assets. The definition has been revised to include certain persons who participate in decentralized financial transactions (*i.e.* non-custodial industry participants); the regulations require these participants to collect account information about the sale of a digital asset and report that data to the IRS through a Form 1099-DA. (For prior coverage, see *Tax News & Views*, Vol. 26, No. 1, Jan. 10, 2025.)

[URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250110_5.html](https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250110_5.html)

In a statement at this week’s committee mark up, Rep. Carey maintained that the final regulations went beyond the scope of the Infrastructure Investment and Jobs Act (P.L. 117-58) which provided parameters for the IRS and Treasury to establish rules for regulating digital assets. He also indicated that these providers do not have the information they need to adequately report the required information to the IRS.

[URL: https://www.congress.gov/117/plaws/publ58/PLAW-117publ58.pdf](https://www.congress.gov/117/plaws/publ58/PLAW-117publ58.pdf)

Carey also stressed that the reporting of these types of exchanges and transactions would overwhelm the IRS with “over 8 billion” more information returns – which is more than double the amount of information returns the IRS receives currently.

At the end of last year, he sent then-Treasury Secretary Janet Yellen and then-IRS Commissioner Danny Werfel a letter and expressed his concerns with IRS overreach and his dissatisfaction with expanding the application of the IRS’ digital broker rule to self-custodial wallet providers.

[URL: https://carey.house.gov/wp-content/uploads/2024/12/Rep-Carey-Digital-Assets-Sale-and-Exchanges-Rule-Letter.pdf](https://carey.house.gov/wp-content/uploads/2024/12/Rep-Carey-Digital-Assets-Sale-and-Exchanges-Rule-Letter.pdf)

In an exchange with the sole witness Tom Barthold, the chief of staff for the Joint Committee on Taxation, Rep. Lloyd Doggett (R-Texas), for his part, focused on Barthold’s statement that the loss of tax revenue from rescinding these regulations would amount to \$3.9 billion dollars over a ten-year period (2025-2034). Doggett stressed to the panel that, if the resolution ultimately became law, Congress would be adding almost \$4 billion to an already increasing federal debt.

Next steps: It was unclear at press time exactly when House Republican leaders intend to bring up the resolution for a vote by the full chamber.

Across the Capitol, an identical version (S.J. Res. 3) was introduced last month by Sen. Ted Cruz (R-Texas) who stated that “[t]he Biden administration’s rule attempts to drive American cryptocurrency innovation overseas. This regulation undermines the purpose of DeFi (decentralized finance) technology: to enable individuals to freely buy, sell, and exchange digital assets. America’s goal should be to prioritize innovation, and this rule is the opposite. I call upon Congress to expeditiously take up this resolution, pass it, and send it to the President.”

[URL: https://www.congress.gov/bill/119th-congress/senate-joint-resolution/3/text](https://www.congress.gov/bill/119th-congress/senate-joint-resolution/3/text)

Disaster-relief bills

Also at this week’s mark-up, the panel approved two bipartisan bills providing tax relief to victims of a natural disaster – the Disaster Related Extension of Deadlines Act (H.R. 1491) and the Filing Relief for Natural Disasters Act (H.R. 517).

[URL: https://www.congress.gov/bill/119th-congress/house-bill/1491/text](https://www.congress.gov/bill/119th-congress/house-bill/1491/text)

[URL: https://www.congress.gov/bill/119th-congress/house-bill/517/text](https://www.congress.gov/bill/119th-congress/house-bill/517/text)

H.R 1491: This bill, which was introduced by Reps. Gregory Murphy (R-N.C.) and Jimmy Panetta (D-Calif.) and was approved by a bipartisan vote of 44-0, extends the time that a taxpayer who was a victim of a natural disaster is given to claim any missed credits or refunds. It will also take postponements into account when sending collection notices to disaster victims.

“Disaster victims face unbelievable hardship while restoring their lives after a tragedy,” said Murphy. “The last thing folks who have had their lives upended by an emergency need to deal with is jumping through confusing hoops imposed by the IRS.”

For his part, Panetta stated that “[o]ur bipartisan Disaster Related Extension of Deadlines Act ensures that families and small businesses recovering from disasters have the additional time they need to claim this financial relief. This commonsense fix will help communities in California’s 19th Congressional District and across the country as they rebuild from severe weather events.”

Though the bill received bipartisan support, many Democratic members, including Ranking Member Richard Neal of Massachusetts, Mike Thompson of California, and Danny Davis of Illinois drew attention to the recent events related to firing thousands of IRS employees, the passage of a House budget resolution, and access to taxpayer information – all of these events have been to the dissatisfaction of Democratic committee members.

H.R. 517: This bill, which was introduced by Reps. David Kustoff (R-Tenn.) and Judy Chu (D-Calif.) and was approved by a bipartisan vote of 42-0, would authorize the Treasury, in consultation with the Federal Emergency Management Agency, to extend relief to impacted taxpayers from a disaster as soon as the governor of a state declares a disaster or a state of emergency. It will also expand the current mandatory filing extension following a federally declared disaster from 60 days to 120 days.

“My district, which is West Tennessee, has been hit by a number of natural disasters over the years – ranging from tornados to most recently major flooding . . . Anyone who has toured a disaster area, spoken to victims,

or watched the damage from television or social media should know: Recovering and rebuilding is certainly not easy, and it doesn't happen overnight. For impacted Americans, families, and communities – it is critical they have timely access to the support, the resources, and the relief they need to begin the recovery process and start getting their lives back on track,” said Kustoff.

Chu focused on the current law which she said provided that disaster victims can only receive federal filing relief if and when the president of the United States declares a federal disaster.

“Often these declarations can take days or even weeks,” she said.

“Our legislation would ensure that victims can get the instantaneous federal filing relief they need to recover from natural disasters by allowing the IRS to extend filing deadlines after a request from a governor who has declared a state a disaster.”

Next steps: Like the resolution for disapproval for the digital asset regulations, the two disaster-related measures that were approved at the Ways and Means mark-up have not been scheduled for a vote in the full chamber.

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