

## Senate votes to rescind IRS' digital asset rule

The Senate on March 4 voted 70-27 to reverse an IRS rule on digital assets that revised the definition of “digital asset middleman” 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. Sen. Ted Cruz (R-Texas) introduced in January a resolution (S.J. Res. 3) disapproving of the Treasury Department and the IRS regulations on digital asset reporting transactions.

**URL:** <https://www.congress.gov/bill/119th-congress/senate-joint-resolution/3/text>

To eliminate the rule and treat it as though it had never taken effect, some senators, like Sen. Cruz, are using the power of 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.

Cruz stated in a press release that “[l]ast night’s vote was a victory for American innovation. In a midnight move, the Biden administration attempted to undermine American privacy and impose burdensome regulations on digital currency. Yesterday, an overwhelming bipartisan majority voted in support of my legislation to rescind this harmful regulation. I urge the House to pass this legislation expeditiously.”

**URL:** <https://www.cruz.senate.gov/newsroom/press-releases/cruz-resolution-overturning-irs-rule-on-cryptocurrency-passes-by-overwhelming-bipartisan-majority>

The digital asset broker reporting regulations implemented a provision from the Infrastructure Investment and Jobs Act (P.L. 117-58) which required that digital asset transactions to be reported to the Internal Revenue Service. In a Treasury press release issued on December 27, 2024, Aviva Aron-Dine, who at the time was performing the duties of Assistant Secretary for Tax Policy, said that “[t]hese regulations will help ensure that all taxpayers play by the same set of rules and have access to the information they need to file their taxes accurately.” She added that “today’s rules ensure that DeFi brokers of digital assets are subject to the same information reporting rules as brokers for securities and operators of custodial digital asset trading platforms.”

**URL:** <https://www.congress.gov/117/plaws/publ58/PLAW-117publ58.pdf>

**URL:** <https://home.treasury.gov/news/press-releases/jy2762>

**House resolution:** On the other side of the Capitol, the House Ways and Means Committee cleared an identical version of a disapproval regulation on the reporting of digital asset transaction last week. Ways and Means Committee Chairman Jason Smith (R-Mo.) highlighted the committee’s approval of the resolution, while at the same time focused on its restrictions on innovation and cumbersome paperwork.

“The so-called “DeFi Broker Rule” runs afoul of congressional intent in a way that would cripple American digital asset leadership, stifle innovation, and burden American entrepreneurs.”

Smith added that “[t]he rule would devastate America’s decentralized finance industry by requiring providers to collect burdensome paperwork – including sensitive taxpayer information – that digital wallet providers are currently unable to provide. For the millions of Americans who buy or sell cryptocurrency, the rule invades their privacy and restricts the freedom and innovation of digital assets.” The House has not yet scheduled a vote on this matter. (For prior coverage, see *Tax News & Views*, Vol. 26, No. 9, Feb. 28, 2025.)

[URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250228\\_2.html](https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250228_2.html)

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