

Congressman
BYRON DONALDS



Florida's 19th District



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Donalds Joins Bipartisan Financial Services Committee Letter To The Treasury Department

Congressman Byron Donalds (R-FL) joined the Chairman of the House Financial Services Committee, Patrick McHenry (NC-10), Congressman Ritchie Torres (NY-15), and a bipartisan group of lawmakers in sending a [letter](#) to the United States Department of the Treasury (Treasury) urging the agency to revise its proposed implementation of unworkable digital asset tax reporting requirements as enacted in the Infrastructure Investment and Jobs Act (IIJA). The letter was signed by several of the bipartisan cosponsors of the [Keep Innovation in America Act](#), including Congressman Warren Davidson (OH-08), Congressman Eric Swalwell (CA-14), Majority Whip Tom Emmer (MN-06), Congressman Wiley Nickel (NC-13), Congressman French Hill (AR-02), and Congresswoman Erin Houchin (IN-09).

If finalized, the proposed regulations' overly broad definition of a digital asset "Broker," insufficient definition of a "Digital Asset," and unreasonably short comment period threaten to prevent a large swath of the digital asset ecosystem from continuing to exist in the United States.

Read the full letter [here](#).

Read key excerpts from the letter below:

"We write to you today to express our continued concern with the Department of the Treasury's ('Treasury') treatment of digital assets for tax reporting purposes. While we appreciate Treasury's efforts, the August 25, 2023, proposed regulations (proposed regulations) would inhibit innovation and harm the digital asset ecosystem if finalized in its current form.

"As we have communicated previously, the tax reporting requirements on digital asset market participants in the Infrastructure Investment and Jobs Act (the 'IIJA') are unworkable as written and fail to consider factors that are inherent to the digital asset ecosystem. The proposed regulations do not remedy our previously stated concerns. The breadth of the proposed regulations and the unworkable definitions raise serious concerns for the digital asset ecosystem. Treasury must address the following concerns to ensure the United States has a workable tax reporting framework for digital assets.

"The definition of 'Broker' remains too broad and would capture entities that do not possess traditional characteristics of a broker.

"In the proposed regulations, Treasury defines 'broker' to include persons who provide 'facilitative services that [directly or indirectly] effectuate the sales of digital assets by customers.' This definition captures a significant portion of the entities within the digital asset ecosystem, including decentralized finance ('DeFi') exchanges.

...

"The definition of 'Digital Asset' fails to consider or differentiate the uses or attributes of different types of digital assets.

"In addition to expanded definition of 'broker,' the proposed regulation includes a definition for 'digital asset' that will limit the use of certain digital assets. Specifically, Treasury's proposed regulations define 'digital asset' as 'a digital representation of value that is recorded on a cryptographically secured distributed ledger (or similar technology)' and explicitly includes 'those referred to as stablecoins or [nonfungible tokens] ('NFTs')."

...

"The comment period and implementation timeframe for the proposal is unreasonably short.

"We are concerned with the expedited time frame for both the comment period and implementation phase. The shortened timeframe limits the amount of feedback and the ability to make changes to the final rule. It further strains market participants who will need additional time to come into compliance.

...

"We appreciate your attention to our concerns. This proposal, as currently written, will prevent a large swath of the digital asset ecosystem from continuing to exist in the United States. We urge you to reevaluate the proposed regulations and adjust them accordingly to ensure there is a workable tax reporting framework in place for the digital asset ecosystem."

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