

119TH CONGRESS
1ST SESSION

S. 2207

To amend the Internal Revenue Code of 1986 to reform the treatment
of digital assets.

IN THE SENATE OF THE UNITED STATES

JUNE 30, 2025

Ms. LUMMIS introduced the following bill; which was read twice and referred
to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to reform
the treatment of digital assets.

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. DEFINITION OF DIGITAL ASSET.**

4 Section 7701 of the Internal Revenue Code of 1986
5 is amended by adding at the end the following new para-
6 graph:

7 “(51) DIGITAL ASSET.—

8 “(A) IN GENERAL.—Subject to subpara-
9 graph (B) and except as otherwise provided by
10 the Secretary, the term ‘digital asset’ means

1 any digital representation of value which is re-
2 corded on a cryptographically secured distrib-
3 uted ledger or any similar technology as speci-
4 fied by the Secretary.

5 “(B) FINANCIAL ASSETS.—

6 “(i) IN GENERAL.—Except as other-
7 wise provided by the Secretary, in the case
8 of any digital asset which is a representa-
9 tion of a financial asset which is itself not
10 a digital asset, such asset—

11 “(I) shall not be treated as a dig-
12 ital asset, and

13 “(II) for purposes of this title,
14 and except as otherwise provided by
15 law, shall be treated as such financial
16 asset.

17 “(ii) DEFINITION.—For purposes of
18 this subparagraph, as specified by the Sec-
19 retary, the term ‘financial asset’ means an
20 asset that trades on established markets or
21 which is used as a medium of exchange,
22 store of value, or unit of account, and shall
23 exclude a payment stablecoin (as defined in
24 section 1091(a)(3)).

1 “(C) REPRESENTATIONS OF OTHER PROP-
 2 PERTY.—For purposes of this paragraph, as
 3 specified by the Secretary pursuant to regula-
 4 tion, in the case of a digital asset which is a
 5 representation of property other than a finan-
 6 cial asset, such digital asset shall be treated in
 7 the same manner as the property which it rep-
 8 resents.

9 “(52) ACTIVELY TRADED DIGITAL ASSET.—Ex-
 10 cept as otherwise provided by the Secretary, the
 11 term ‘actively traded digital asset’ means a fungible
 12 digital asset for which quotations are readily avail-
 13 able on a digital asset exchange.”.

14 **SEC. 2. DE MINIMIS GAIN OR LOSS FROM SALE, EXCHANGE,**
 15 **OR DISPOSITION OF DIGITAL ASSETS.**

16 (a) IN GENERAL.—Part III of subchapter B of chap-
 17 ter 1 of the Internal Revenue Code of 1986 is amended
 18 by inserting after section 139I the following new section:

19 **“SEC. 139J. DE MINIMIS GAIN OR LOSS FROM SALE, EX-**
 20 **CHANGE, OR DISPOSITION OF DIGITAL AS-**
 21 **SETS.**

22 “(a) IN GENERAL.—Subject to subsection (b), gross
 23 income shall not include gain or loss from the sale, ex-
 24 change, or disposition of digital assets to purchase prod-
 25 ucts or services in a personal transaction (consistent with

1 section 988(e)(3)), unless the sale, exchange, or disposi-
 2 tion is for—

3 “(1) cash or cash equivalents, or

4 “(2) other digital assets.

5 “(b) LIMITATION.—

6 “(1) IN GENERAL.—Subsection (a) shall not
 7 apply in the case of any sale, exchange, or disposi-
 8 tion for which—

9 “(A) the total value of such sale, exchange,
 10 or disposition exceeds \$300, or

11 “(B) the total loss which would otherwise
 12 be recognized with respect to such sale, ex-
 13 change, or disposition exceeds \$300.

14 “(2) AGGREGATION RULE.—For purposes of
 15 this subsection, all sales, exchanges, or dispositions
 16 which are part of the same transaction (or a series
 17 of related transactions) shall be treated as one sale,
 18 exchange, or disposition.

19 “(3) TOTAL GAINS.—If, after applying sub-
 20 section (a) to a transaction, the taxpayer’s total gain
 21 for the taxable year from transactions described in
 22 subsection (a) exceeds \$5,000, no further exclusion
 23 shall apply for such year.

24 “(c) BASIS.—Except as otherwise provided by the
 25 Secretary, subsection (a) shall not apply to a sale, ex-

1 change, or disposition of digital assets for which the prin-
 2 cipal purpose of such sale, exchange, or disposition is to
 3 eliminate gains.

4 “(d) BOOKS AND RECORDS.—A taxpayer shall main-
 5 tain books and records or separate wallets or accounts (as
 6 determined by the Secretary) which distinguish between
 7 sales, exchanges, or dispositions of digital assets eligible
 8 for the exclusion from gross income under subsection (a)
 9 and sales, exchanges, or dispositions which are not eligible
 10 for the exclusion.

11 “(e) INFLATION ADJUSTMENT.—

12 “(1) IN GENERAL.—In the case of any taxable
 13 year beginning in a calendar year after 2026, each
 14 dollar amount in subsection (b)(1) shall be increased
 15 by an amount equal to—

16 “(A) such dollar amount, multiplied by

17 “(B) the cost-of-living adjustment deter-
 18 mined under section 1(f)(3) for the calendar
 19 year in which the taxable year begins, deter-
 20 mined by substituting ‘calendar year 2025’ for
 21 ‘calendar year 2016’ in subparagraph (A)(ii)
 22 thereof.

23 “(2) ROUNDING.—Any increase determined
 24 under paragraph (1) shall be rounded to the nearest
 25 multiple of \$10.

1 “(f) REGULATIONS AND GUIDANCE.—The Secretary
 2 may prescribe such regulations or other guidance as may
 3 be necessary to carry out the purposes of this section, in-
 4 cluding—

5 “(1) requirements relating to recordkeeping and
 6 broker information reporting,

7 “(2) anti-abuse standards which are consistent
 8 with the purposes of this section, which may include
 9 defining related transactions to avoid unintended ap-
 10 plication of the exclusion from gross income under
 11 subsection (a),

12 “(3) allocation of basis and characterization of
 13 appreciation, and

14 “(4) treatment of mixed transactions which
 15 contain both goods or services and property de-
 16 scribed in paragraph (1), (2), or (3) of subsection
 17 (a).

18 “(g) TERMINATION.—This section shall not apply to
 19 taxable years beginning after December 31, 2035.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
 21 for part III of subchapter B of chapter 1 of the Internal
 22 Revenue Code of 1986 is amended by inserting after the
 23 item relating to section 139I the following new item:

“Sec. 139J. De minimis gain or loss from sale, exchange, or disposition of dig-
 ital assets.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply with respect to transactions en-
 3 tered into after December 31, 2025.

4 **SEC. 3. TAX TREATMENT OF DIGITAL ASSET LENDING**
 5 **AGREEMENTS AND RELATED MATTERS.**

6 (a) IN GENERAL.—Section 1058 of the Internal Rev-
 7 enue Code of 1986 is amended by—

8 (1) in the heading, by striking “**SECURITIES**”
 9 and inserting “**SPECIFIED ASSETS**”,

10 (2) in subsection (a), by striking “securities (as
 11 defined in section 1236(c))” and inserting “specified
 12 assets”, and

13 (3) striking “securities” each place it appears
 14 and inserting “specified assets.”.

15 (b) FIXED TERM.—Section 1058(b)(3) of the Inter-
 16 nal Revenue Code of 1986 is amended by inserting “other
 17 than as a result of such agreement being fixed-term, ex-
 18 cept as otherwise provided by the Secretary” after “trans-
 19 ferred”.

20 (c) BASIS.—Section 1058(c) of the Internal Revenue
 21 Code of 1986 is amended by adding at the end the fol-
 22 lowing: “All appropriate basis adjustments to specified as-
 23 sets subject to an agreement under subsection (b) shall
 24 be made, as determined by the Secretary, including upon
 25 the return of the lent specified assets to the taxpayer.”.

1 (d) SPECIFIED ASSETS.—Section 1058 of the Inter-
 2 nal Revenue Code of 1986 is amended by adding at the
 3 end the following new subsections:

4 “(d) SPECIFIED ASSETS.—For purposes of this sec-
 5 tion, the term ‘specified asset’ means—

6 “(1) a security (as defined in section 1236(c)),

7 or

8 “(2) an actively traded digital asset.

9 “(e) INCOME.—An amount equal to the income which
 10 would otherwise accrue to the lender but for a lending
 11 transaction under this section shall be included in the
 12 gross income of the lender and the character of such in-
 13 come shall remain unchanged.

14 “(f) REGULATIONS AND GUIDANCE.—The Secretary
 15 may prescribe such regulations or other guidance as may
 16 be necessary to carry out the purposes of this section, in-
 17 cluding the application of the provisions of this section to
 18 digital asset forks, digital asset airdrops, and fees associ-
 19 ated with digital asset lending.

20 “(g) TERMINATION.—This section shall not apply to
 21 taxable years beginning after December 31, 2035.”.

22 (e) CONFORMING AMENDMENT.—The table of sec-
 23 tions for part IV of subchapter O of chapter 1 of the Inter-
 24 nal Revenue Code of 1986 is amended by striking the item

1 relating to section 1058 and inserting the following new
 2 item:

“Sec. 1058. Transfers of specified securities under certain agreements.”.

3 (f) **EFFECTIVE DATE.**—The amendments made by
 4 this section shall apply to taxable years beginning after
 5 the date of enactment of this Act.

6 **SEC. 4. LOSS FROM WASH SALES OF SPECIFIED ASSETS.**

7 (a) **IN GENERAL.**—Section 1091 of the Internal Rev-
 8 enue Code of 1986 is amended to read as follows:

9 **“SEC. 1091. LOSS FROM WASH SALES OF SPECIFIED ASSETS.**

10 **“(a) DISALLOWANCE OF LOSS DEDUCTION.—**

11 **“(1) IN GENERAL.**—No deduction shall be al-
 12 lowed with respect to any loss claimed to have been
 13 sustained from any sale or other disposition (includ-
 14 ing any termination) of specified assets where it ap-
 15 pears that, within a period beginning 30 days before
 16 the date of such sale or other disposition and ending
 17 30 days after such date, the taxpayer has—

18 **“(A)** acquired (by purchase, by an ex-
 19 change on which the entire amount of gain or
 20 loss was recognized by law, or by entering into)
 21 substantially identical specified assets, or

22 **“(B)** entered into a contract or option to
 23 acquire, or notional principal contract in respect
 24 of, substantially identical specified assets.

1 “(2) EXCEPTION FOR DEALERS.—Paragraph
2 (1) shall not apply if—

3 “(A) the taxpayer is a dealer in specified
4 assets,

5 “(B) the loss is sustained in a transaction
6 made in the ordinary course of its business as
7 a dealer, and

8 “(C) the acquisition (or the entering into
9 of the contract or option to acquire or notional
10 principal contract) which (without regard to
11 this paragraph) would have resulted in the non-
12 deductibility of the loss was similarly made in
13 the ordinary course of such business.

14 “(3) EXCEPTION FOR STABLECOINS.—

15 “(A) IN GENERAL.—Except as otherwise
16 provided by the Secretary, paragraph (1) shall
17 not apply to a loss from the sale or disposition
18 of a payment stablecoin or other stablecoin.

19 “(B) IN GENERAL.—Subject to subpara-
20 graph (C), for purposes of this paragraph, the
21 term ‘payment stablecoin’ means a digital
22 asset—

23 “(i) that is, or is designed to be, used
24 as a means of payment or settlement, and

25 “(ii) the issuer of which—

1 “(I) is obligated to convert, re-
2 deem, or repurchase for a fixed
3 amount of monetary value (not includ-
4 ing a digital asset denominated in a
5 fixed amount of monetary value), and

6 “(II) represents that such issuer
7 will maintain, or creates the reason-
8 able expectation that such issuer will
9 maintain, a stable value relative to the
10 value of a fixed amount of monetary
11 value.

12 “(C) EXCEPTION.—The term ‘payment
13 stablecoin’ shall not include a digital asset that
14 is—

15 “(i) a national currency,

16 “(ii) a deposit (as defined in section 3
17 of the Federal Deposit Insurance Act (12
18 U.S.C. 1813)), including a deposit re-
19 corded using distributed ledger technology,
20 or

21 “(iii) a security, as defined in section
22 2 of the Securities Act of 1933 (15 U.S.C.
23 77b), section 3 of the Securities Exchange
24 Act of 1934 (15 U.S.C. 78c), or section 2

1 of the Investment Company Act of 1940
2 (15 U.S.C. 80a-2).

3 “(b) SPECIFIED ASSETS ACQUIRED LESS THAN
4 SPECIFIED ASSETS SOLD.—If the amount of specified as-
5 sets acquired (or covered by the contract or option to ac-
6 quire or notional principal contract) is less than the
7 amount of specified assets sold or otherwise disposed of,
8 then the particular specified assets the loss from the sale
9 or other disposition of which is not deductible shall be de-
10 termined under regulations prescribed by the Secretary.

11 “(c) SPECIFIED ASSETS ACQUIRED NOT LESS THAN
12 SPECIFIED ASSETS SOLD.—If the amount of specified as-
13 sets acquired (or covered by the contract or option to ac-
14 quire or notional principal contract) is not less than the
15 amount of specified assets sold or otherwise disposed of,
16 then the particular specified assets the acquisition of
17 which (or the entering into of the contract or option to
18 acquire or notional principal contract of which) resulted
19 in the non-deductibility of the loss shall be determined
20 under regulations prescribed by the Secretary.

21 “(d) ADJUSTMENT TO BASIS IN CASE OF WASH
22 SALE.—

23 “(1) IN GENERAL.—The basis of the specified
24 asset acquired (or the contract, option, or notional
25 principal contract entered into) shall be increased by

1 the amount of the deduction disallowed under sub-
 2 section (a).

3 “(2) RULES WITH RESPECT TO CERTAIN ACQUI-
 4 SITIONS.—

5 “(A) IN GENERAL.—In any case in
 6 which—

7 “(i) the taxpayer enters into a con-
 8 tract or option to acquire, or notional prin-
 9 cipal contract in respect of, substantially
 10 identical specified assets (within the period
 11 specified in subsection (a)),

12 “(ii) the taxpayer also acquires (with-
 13 in the period specified in subsection (a))
 14 substantially identical specified assets and
 15 such acquisition would, but for the enter-
 16 ing into of the contract, option, or notional
 17 principal contract described in clause (i),
 18 have triggered a disallowance under sub-
 19 section (a), and

20 “(iii) the contract, option, or notional
 21 principal contract matures, expires, is exer-
 22 cised, or otherwise terminates without the
 23 delivery or receipt of money or property
 24 during the term of the contract, option, or
 25 notional principal contract (other than at

1 the time the contract, option, or notional
2 principal contract is entered into) or upon
3 such termination,
4 then, subject to such exceptions as the Sec-
5 retary shall prescribe (including with respect to
6 non-abusive wash sale basis adjustment prac-
7 tices), paragraph (1) shall apply to the substan-
8 tially identical specified assets described in
9 clause (ii) and not to the contract, option, or
10 notional principal contract described in clause
11 (i).

12 “(B) SPECIAL RULE FOR CONTRACTS AND
13 OPTIONS.—Subject to such exceptions as the
14 Secretary shall prescribe (including with respect
15 to non-abusive wash sale basis adjustment prac-
16 tices), if the acquisition of any substantially
17 identical specified asset is pursuant to a con-
18 tract or option described in subparagraph
19 (A)(i), then, notwithstanding whether such
20 asset was acquired within the period specified
21 in subsection (a), paragraph (1) shall apply to
22 the substantially identical specified asset ac-
23 quired pursuant to the contract or option and
24 not to the contract or option.

1 “(e) CERTAIN SHORT SALES OF SPECIFIED ASSETS
 2 AND CONTRACTS TO SELL.—Rules similar to the rules of
 3 subsection (a) shall apply to any loss realized on the clos-
 4 ing of a short sale of (or the sale, disposition, or termi-
 5 nation of a contract or option to sell or a short notional
 6 principal contract in respect of) specified assets if, within
 7 a period beginning 30 days before the date of such closing
 8 and ending 30 days after such date, another such short
 9 sale of (or contract or option to sell or short notional prin-
 10 cipal contract in respect of) substantially identical speci-
 11 fied assets was entered into by the taxpayer.

12 “(f) CASH SETTLEMENT.—This section shall not fail
 13 to apply to a contract or option to acquire or sell specified
 14 assets solely by reason of the fact that the contract or
 15 option settles in (or could be settled in) cash or property
 16 other than such specified assets.

17 “(g) SPECIFIED ASSET.—For purposes of this sec-
 18 tion, the term ‘specified asset’ means any of the following:

19 “(1) Any security (as defined in section
 20 475(c)(2)), including contracts or options to acquire
 21 or sell securities.

22 “(2) Except as otherwise provided by the Sec-
 23 retary—

24 “(A) any digital asset,

1 “(B) any notional principal contract with
 2 respect to any digital asset described in sub-
 3 paragraph (A), and

4 “(C) any evidence of an interest in, or a
 5 derivative instrument in, any digital asset de-
 6 scribed in subparagraph (A) or (B), including
 7 any option, forward contract, futures contract,
 8 short position, and any similar instrument in
 9 such a digital asset.

10 “(h) REGULATIONS.—The Secretary may prescribe
 11 such regulations or other guidance as may be necessary
 12 to carry out the purposes of this section, including relating
 13 to abusive basis adjustment practices.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Section 1223(3) of the Internal Revenue
 16 Code of 1986 is amended—

17 (A) by striking “stock or securities” the
 18 first place it appears and inserting “specified
 19 assets (as defined in section 1091(g))”,

20 (B) by striking “stock or securities” the
 21 second and third place it appears and inserting
 22 “specified assets (as so defined)”, and

23 (C) by striking “(or the contract or option
 24 to acquire which)” and inserting “(or the enter-
 25 ing into of a contract or option to acquire or

1 notional principal contract in respect of
2 which)’’.

3 (2) Section 6045(g)(2)(B) of such Code is
4 amended—

5 (A) in clause (i)(I)—

6 (i) by striking “security (other than
7 stock” and inserting “covered security
8 (other than stock”, and

9 (ii) by striking “stock sold or trans-
10 ferred” and inserting “covered security
11 sold or transferred”, and

12 (B) in clause (ii)—

13 (i) by striking “stock or securities”
14 and inserting “specified assets”, and

15 (ii) by striking “identical securities”
16 and inserting “identical specified assets (as
17 defined in section 1091(g))”.

18 (3) The table of sections for part VII of sub-
19 chapter O of chapter 1 of such Code is amended by
20 striking the item relating to section 1091 and insert-
21 ing the following new item:

“Sec. 1091. Loss from wash sales of specified assets.”.

22 (c) TERMINATION.—The amendments made by this
23 section shall be repealed on December 31, 2035.

24 (d) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to sales, dispositions, and termi-

1 nations in taxable years beginning after December 31,
2 2025.

3 **SEC. 5. MARK-TO-MARKET ELECTION.**

4 (a) IN GENERAL.—Section 475 of the Internal Rev-
5 enue Code of 1986 is amended—

6 (1) by redesignating subsection (g) as sub-
7 section (h), and

8 (2) by inserting after subsection (f) the fol-
9 lowing new subsection:

10 “(g) ELECTION OF MARK TO MARKET FOR DEALERS
11 AND TRADERS IN SPECIFIED ASSETS.—

12 “(1) DEALER IN SPECIFIED ASSETS.—

13 “(A) IN GENERAL.—In the case of a dealer
14 in specified assets who elects the application of
15 this paragraph, this section shall apply to such
16 assets held by such dealer in the same manner
17 as this section applies to securities held by a
18 dealer in securities.

19 “(B) REVOCATION.—An election under
20 subparagraph (A) may be made without the
21 consent of the Secretary. An election, once
22 made, shall apply to the taxable year for which
23 made and all subsequent taxable years unless
24 revoked with the consent of the Secretary.

1 “(2) TRADER IN SPECIFIED ASSETS.—In the
 2 case of a person who is engaged in a trade or busi-
 3 ness as a trader in specified assets and who elects
 4 to have this paragraph apply to such trade or busi-
 5 ness as a trader in such assets, subsection (f)(1)
 6 shall apply to specified assets held by the trader in
 7 connection with such trade or business in the same
 8 manner as such subsection applies to securities held
 9 by a trader in securities.

10 “(3) LIMITATION.—The application of this sub-
 11 section shall be limited to specified assets which are
 12 treated as actively traded.

13 “(4) DEFINITIONS.—For purposes of this sub-
 14 section—

15 “(A) SPECIFIED ASSET.—The term ‘speci-
 16 fied asset’ means—

17 “(i) a digital asset,

18 “(ii) any notional principal contract
 19 with respect to a digital asset described in
 20 clause (i), or

21 “(iii) any evidence of an interest in, or
 22 a derivative instrument in, an asset de-
 23 scribed in clause (i) or (ii), including any
 24 option, forward contract, futures contract,

1 short position, or similar instrument in
 2 such digital asset.

3 “(B) DEALER IN SPECIFIED ASSETS.—The
 4 term ‘dealer in specified assets’ means a tax-
 5 payer which—

6 “(i) regularly purchases specified as-
 7 sets from, or sells specified assets to, cus-
 8 tomers in the ordinary course of a trade or
 9 business, or

10 “(ii) regularly offers to enter into, as-
 11 sume offset, assign, or otherwise terminate
 12 positions in specified assets with customers
 13 in the ordinary course of a trade or busi-
 14 ness.

15 “(5) REGULATIONS AND GUIDANCE.—The Sec-
 16 retary may prescribe such regulations or other guid-
 17 ance as may be necessary to carry out the purposes
 18 of this subsection.

19 “(6) TERMINATION.—This subsection shall not
 20 apply to taxable years beginning after December 31,
 21 2035.”.

22 (b) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to sales and exchanges in taxable
 24 years beginning after the date of enactment of this Act.

1 **SEC. 6. DIGITAL ASSET MINING AND STAKING.**

2 (a) IN GENERAL.—Section 451 of the Internal Rev-
 3 enue Code of 1986 is amended by adding at the end the
 4 following new subsection:

5 “(1) DEFERRAL OF INCOME RECOGNITION FOR DIG-
 6 ITAL ASSET ACTIVITIES.—

7 “(1) IN GENERAL.—In the case of a taxpayer
 8 who engages in validation of digital asset trans-
 9 actions (including digital asset mining and staking),
 10 any income relating to such activities—

11 “(A) shall not be included in the gross in-
 12 come of the taxpayer until the taxable year of
 13 the sale or other disposition of the assets pro-
 14 duced or received in connection with the mining
 15 or staking activities, and

16 “(B) shall be treated as ordinary income.

17 “(2) REGULATIONS AND GUIDANCE.—The Sec-
 18 retary may prescribe such regulations or other guid-
 19 ance as may be necessary to carry out the purposes
 20 of this subsection, including relating to the residence
 21 of a recipient of a digital asset fork or digital asset
 22 airdrop.

23 “(3) TERMINATION.—This subsection shall not
 24 apply to taxable years beginning after December 31,
 25 2035.”.

1 (b) SOURCE OF INCOME RELATED TO CONSIDER-
 2 ATION RECEIVED.—Section 863 of the Internal Revenue
 3 Code of 1986 is amended by adding at the end the fol-
 4 lowing new subsection:

5 “(f) SOURCE OF INCOME RELATED TO CONSIDER-
 6 ATION RECEIVED.—

7 “(1) IN GENERAL.—The source of any income
 8 related to validation of digital asset transactions
 9 shall be determined by reference to the residence of
 10 the recipient at the time of receipt.

11 “(2) REGULATIONS AND GUIDANCE.—The Sec-
 12 retary may prescribe such regulations or other guid-
 13 ance as may be necessary to carry out the purposes
 14 of this subsection.

15 “(3) TERMINATION.—This subsection shall not
 16 apply to taxable years beginning after December 31,
 17 2035.”.

18 (c) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to taxable years beginning after
 20 the date of enactment of this Act.

21 **SEC. 7. CHARITABLE CONTRIBUTIONS AND QUALIFIED AP-**
 22 **PRAISALS.**

23 (a) IN GENERAL.—Section 170(f)(11)(A)(ii)(I) of the
 24 Internal Revenue Code of 1986 is amended by inserting

1 “actively traded digital assets,” before “and any qualified
2 vehicle”.

3 (b) CONTRIBUTIONS TO PRIVATE FOUNDATION.—
4 Section 170(e)(5) of the Internal Revenue Code of 1986
5 is amended—

6 (1) in the heading, by inserting “OR DIGITAL
7 ASSETS” after “STOCK”,

8 (2) in subparagraph (A), by inserting “or quali-
9 fied appreciated digital assets” after “qualified ap-
10 preciated stock”, and

11 (3) by adding at the end the following new sub-
12 paragraph:

13 “(D) QUALIFIED APPRECIATED DIGITAL
14 ASSET.—

15 “(i) IN GENERAL.—For purposes of
16 this paragraph, the term ‘qualified appre-
17 ciated digital asset’ means a digital asset—

18 “(I) which is actively traded, and

19 “(II) which is capital gain prop-
20 erty (as defined in subsection
21 (b)(1)(C)(iv)).

22 “(ii) REGULATIONS AND GUIDANCE.—

23 The Secretary may prescribe such regula-
24 tions or other guidance as may be nec-

1 necessary to carry out the purposes of this
2 subparagraph.

3 “(iii) TERMINATION.—The term
4 ‘qualified appreciated digital asset’ shall
5 not apply to any contribution made in tax-
6 able years beginning after December 31,
7 2035.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to contributions made in taxable
10 years beginning after the date of enactment of this Act.

○