Tax News & Views

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Ways and Means Committee explores digital asset tax proposals

The House Ways and Means Committee held a legislative hearing on Tuesday, June 9, on tax issues related to digital assets, including ideas such as a ***de minimis*** exception for realization of small gains on certain digital assets, mining and staking rules, the treatment of charitable contributions, easing accurate compliance, and voluntary disclosure – many of which are addressed in draft bills and discussion drafts posted on the committee's website prior to the hearing. Other provisions included in the bills and discussion drafts, but not discussed as extensively during the hearing, covered the trading of digital assets (H.R. 9176), the wash sale and constructive sale rules (H.R. 9172), and certain digital asset gains treated as US-sourced (discussion draft). A formal markup of these proposals has not yet been scheduled. This hearing comes as Congress separately works to develop market structure rules around digital assets, particularly the CLARITY Act (H.R. 3633) – which passed the Senate Banking Committee last month and would establish additional non-tax market structure rules for digital assets – whose passage has been viewed as a precursor to addressing related tax issues.

During the hearing, many House taxwriters focused on the draft bills and related issues, even as differences persisted and some Democratic hesitation emerged regarding the scope of the proposals, reflecting that most of the drafts were authored by Republicans. Members from both parties emphasized the need for clear, workable tax rules that are easy to understand and provide certainty and stability, while also acknowledging that digital assets are likely to remain part of the economy and become more deeply integrated over time. More broadly, some taxwriters discussed overarching themes – referring to the US as the "crypto capital of the world" – while others drilled into specific proposed rules. Several lawmakers also raised questions about foundational definitions, suggesting Congress may benefit from continued education as the technology develops.

Ways and Means Committee Chairman Jason Smith (R-Mo.) opened the hearing by stressing the "importance" and "complexity" of digital assets, while signaling his interest in advancing bipartisan tax legislation in the area. He also noted that roughly a quarter of Americans own cryptocurrency across a broad section of the population. He identified three key gaps in the current tax framework: common transactions and activities like mining and staking that do not fit neatly within existing tax rules; digital assets that do not receive the same tax benefits or anti-abuse protections as other assets; and cryptocurrency owners facing burdensome compliance requirements.

"The Ways and Means Committee engaged in months of thoughtful discussion to build a lasting framework for digital asset taxation. The eight bills and discussion drafts we are examining today offer solutions to major challenges of clarity, parity, and administration in the tax code," Chairman Smith said.

Ways and Means Committee Ranking Member Richard Neal (D-Mass.) noted that digital asset taxation has occupied a significant portion of the committee's time this year, acknowledging that the need for more education on this issue is bipartisan. He described the hearing as a "good step" toward improving the understanding of digital assets, though he also urged a "degree of caution" as the committee "wades into a novel topic." He indicated that several of the draft bills contain sensible provisions, though he expressed concerns that some would provide a "distinct advantage to digital assets above and beyond other investments." Ranking Member Neal further said that "we should be very careful about putting a thumb on the scale here…it's much easier to put something in the tax code than it is to take it out."

Some of the specifics

Among the topics tackled during the session were:

De minimis* reporting exception:** Taxwriters raised the idea of a potential *de minimis* exception for reporting low-value transactions. Reps. Kevin Hern (R-Okla.) and Ron Estes (R-Kan.) said that requiring reporting for every transaction – no matter how small or routine – would be burdensome for taxpayers and inefficient for the IRS to process on Form 1099-DA, Digital Asset Proceeds from Broker Transactions. To address those concerns and others, Rep. Rudy Yakym (R-Ind.) introduced the Less Paperwork for Digital Asset Owners Act (H.R. 9178), which would provide that no gain or loss is recognized on the disposition of a digital asset to pay a "de minimis*** network fee" – defined as a fee not exceeding $10 in the aggregate for validating a digital asset transaction.

In addition to a ***de minimis*** rule, Rep. Yakym addressed a provision also in H.R. 9178 that includes an option for taxpayers to select a simplified accounting method for one or more widely traded digital assets, calling this provision a "common sense change to streamline the reporting process and alleviate unnecessary administrative burdens."

Staking and mining: The Tax Clarity for Mining and Staking Act (H.R. 9175), which would establish rules for taxing income derived from mining and staking digital assets, received significant attention during the hearing, particularly from Democrats. Reps. Lloyd Doggett (D-Texas), Judy Chu (D-Calif.), and Ranking Member Neal, raised concerns about a provision they said would permit an "unlimited" deferral of tax on certain mining and staking rewards, arguing that – rather than level the playing field – H.R. 9175 would provide advantages to certain taxpayers. Rep. Steven Horsford (D-Nev.) suggested a possible amendment to H.R. 9175 that would allow those engaged in mining and staking to exclude rewards from their taxable income until the earlier of their disposition or the end of the fourth taxable year after the acquisition year of those digital assets.

While Democrats focused on specific concerns with the proposal, Chairman Smith emphasized the need for greater clarity for taxpayers in digital asset markets, including those engaged in mining and staking activities, comparing the issue to financial markets that require "clear rules of the road." He also questioned how addressing the timing and sourcing of such income would affect the United States' ability to remain the "crypto capital of the world." Rep. Adrian Smith (R-Neb.), referring to H.R. 9175, also pointed to clear sourcing rules for staking rewards and suggested that such rules could help bring related activity back to the United States.

Charitable donations: House taxwriters also appear divided on how to treat charitable donations made with digital assets. Rep. Mike Kelly (R-Pa.) introduced the Charitable Deduction for Digital Asset Donations Act (H.R. 9173), which would add "widely traded digital assets" to the list of property excepted from qualified appraisal requirements for deductible contributions, provided the asset has a market capitalization exceeding $500 million. Rep. Chu, however, questioned whether a higher market capitalization threshold might be more appropriate for purposes of the appraisal exclusion.

On that point, Rep. Blake Moore (R-Utah) explained that H.R. 9173 would simplify the qualified appraisal process for charitable contributions of digital assets, noting that obtaining an appraisal can be "timely, costly, and confusing" for some taxpayers, even when an asset's value is readily available. He said the bill would exempt certain assets from the appraisal requirement, subject to specified conditions, and argued that this approach would protect charitable organizations from what he described as "pump and dump schemes."

Voluntary disclosure: Rep. Carol Miller (R-W.V.) highlighted the potential advantages of a voluntary disclosure program for taxpayers engaged in cryptocurrency transactions, as reflected in the Digital Assets Voluntary Disclosure Program Act (H.R. 9174). The proposal would direct the Treasury Secretary to establish a program allowing individuals who underreported or misreported tax consequences of digital assets transactions to resolve their noncompliance under less onerous terms.

More broadly, other taxwriters, including Reps. Terri Sewell (D-Ala.) and Donald Beyer (D-Va.), raised concerns about the IRS's capacity to administer digital asset-related changes to the law, particularly considering staffing reductions at the agency over the past year.

Anti-abuse: Rep. Linda Sanchez (D-Calif.) raised the need for stronger anti-abuse guardrails – particularly around charitable giving – given the volatility of digital assets, She pointed to the PARITY Act (H.R. 8899) – bipartisan legislation introduced by Reps. Horsford and Max Miller (R-Ohio) – and said she hopes some of its provisions will be incorporated into a future bipartisan tax framework. Rep. Yakym also said that the anti-abuse rules that apply to traditional financial assets do not clearly apply to digital assets, which could result in misuse of those assets. More broadly, Rep. Estes said that, in the absence of clear rules, parity, and workable administration, "[t]he [digital asset technology] system is now equivalent to a highway with no guardrails to keep cars from running in the ditch," stressing the need for new "rules of the road."

Ways and Means hearing on Social Security

The following day, the House Ways and Means Committee's Social Security and Work & Welfare Subcommittees held a joint hearing featuring Social Security Administration (SSA) Commissioner Frank J. Bisignano. Although Mr. Bisignano was later named to the newly created position of IRS CEO, he testified at this hearing in his capacity as the Senate-confirmed SSA commissioner. Two Democratic members – Reps. Danny Davis (D-Ill.) and Gwen Moore (D-Wis.) – nevertheless raised questions related to potential IRS responsibilities, though Mr. Bisignano sought to keep the hearing focused on SSA-related issues.

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President Trump signs 2026 budget reconciliation package funding ICE and CBP; IRS developments

Following several months of a stalemate over immigration funding, Congress approved a fiscal year 2026 spending package using the procedurally expedient budget reconciliation process, with the Senate advancing it last week after an overnight vote-a-rama during which Republicans fended off a series of amendments, and the House narrowly approving it this week by a 214-212 vote. President Trump subsequently signed the measure (the Secure America Act, S.2) into law. The roughly $70 billion package is intended chiefly to provide additional funding for Immigration and Customs Enforcement (ICE) and the border components of Customs and Border Protection (CBP) over a three-year period. (For prior coverage, see *Tax News & Views*, Vol. 27, No. 21, June 5, 2026.)

Reconciliation 3.0?

Enactment of the package last week could set the stage for one more budget reconciliation effort this year, although there is no clear timeline or consensus on the scope of a potential package. Some Republican lawmakers have continued to signal interest in using reconciliation to

advance additional policy priorities – including building on the tax-changes made in the law commonly known as the One Big Beautiful Bill Act (OBBBA, P.L. 119-21) – but other lawmakers have downplayed the likelihood of another reconciliation effort in the near term.

On June 10, President Trump wrote on social media, calling on Republicans to "immediately advance and pass" another reconciliation package and outlined specific priorities he would like included, reflecting his continued efforts to shape the party's legislative agenda. He urged Congress to focus on non-tax items (defense spending and a package mostly addressing voting integrity issues, the latter of which could face substantial procedural challenges given the strict constraints on what can be considered budget reconciliation). Even so, intraparty divisions and a tightening legislative calendar ahead of the midterm elections suggest that an effort at a third reconciliation bill in this Congress could face significant hurdles.

Happenings at the IRS

From Capitol Hill to the IRS, new details emerged about the IRS's sharing of taxpayer information with the Department of Homeland Security (DHS) for immigration purposes, while the agency also released its annual Data Book.

Data sharing: The Treasury Inspector General for Tax Administration (TIGTA) released a partially redacted report this week detailing its review of the IRS's processes and procedures for implementing the data-sharing agreement between the Treasury Department and the DHS, highlighting related management and performance challenges in safeguarding taxpayer information. TIGTA found that, before releasing taxpayer address data, the IRS developed an automated matching process to align DHS data with IRS records; however, the criteria did not reliably or consistently produce accurate matches. The IRS is required to ensure that returns and return information remain confidential and restricted from disclosure, unless specifically authorized under section 6103. No recommendations were made in the report; however, TIGTA plans to share its concerns regarding the security findings with the DHS Office of Inspector General.

IRS data book: The IRS released its annual Data Book summarizing fiscal year 2025 activity, including returns filed, taxes collected, refunds issued, enforcement, taxpayer assistance, and the IRS budget and workforce. The publication also includes detailed tables presenting statistics across those categories. (IRS press release IR-2026-74)

Merging two IRS offices: The IRS announced that its Return Preparer Office (RPO) and the Office of Professional Responsibility (OPR) will be "aligned" under a new Tax Professional Management Office, with the goal of "simplify[ing] and moderniz[ing] how it interacts with the tax professional community." The agency said the reorganization will not change the missions of RPO and OPR, which will continue to operate independently within their respective roles and authorities.

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Treasury previews scholarship credit guidance; IRS lists qualifying energy communities; wind, solar BOC rules vacated

The following items highlight recent and forthcoming federal tax guidance, as well as a court decision affecting previously issued rules.

Treasury previews scholarship tax credit guidance

The Treasury Department previewed forthcoming guidance for implementing a new federal scholarship tax credit under section 25F, enacted as part of the law commonly known as the One Big Beautiful Bill Act (OBBBA, P.L. 119-21). In the announcement, Treasury's Deputy Assistant Secretary for Tax Policy Kevin Salinger outlined several issues that will be addressed in the upcoming guidance, including a 90 percent spending requirement, the definition of a qualifying school, a donor number reporting requirement, as well as a planned IRS portal to support scholarship-granting organization (SGO) administration and reporting. Salinger said that he expects the proposed guidance to be released no later than the end of September – for this back-to-school season – and that taxpayers will be able to rely on the guidance for the 2027 tax year. (A fact sheet for the tax credit is also available as part of the announcement.)

Under the OBBBA, section 25F will provide a new tax credit of up to $1,700 per year for an individual's qualified contribution to an SGO that offers qualified elementary and secondary scholarships. The IRS also announced this week that 27 states have elected to participate in the federal scholarship tax credit program. (For prior coverage, see *Tax News & Views*, Vol. 26, No. 47, Dec. 5, 2025.)

For extensive coverage of the OBBBA, see Deloitte Tax LLP's *A closer look: Inside the new tax law*.

IRS publishes areas qualifying for energy community bonus credit

IRS published Notice 2026-39, which taxpayers may use to determine whether they meet certain requirements under the Statistical Area Category or the Coal Closure Category for purposes of qualifying for energy community bonus credit amounts or rates under sections 45, 45Y, 48, and 48E. This information is provided in Appendices 1, 2 and 3 of this notice, which are available on the IRS website. Appendix 1 of this notice addresses the Statistical Area Category, and Appendices 2 and 3 address the Coal Closure Category.

Wind, solar beginning of construction rules vacated

The US District Court in ***Oregon Environmental Council, et al. v. Internal Revenue Service, et al.*** vacated Notice 2025-42, which imposed stricter guidance on the beginning of construction (BOC) rules for determining whether wind and solar facilities are subject to the credit termination provisions under sections 45Y and 48E, two clean energy tax credit provisions enacted by the Inflation Reduction Act (IRA, P.L. 117-169). The notice had generally disallowed reliance on the five percent safe harbor to satisfy the BOC requirement except for certain solar facilities, effectively requiring taxpayers to rely on the physical work test instead. It also required taxpayers to utilize a continuous program of construction rather than continuous efforts to demonstrate satisfaction of the BOC continuity requirement. (For prior coverage, see *Tax News & Views*, Vol. 26, No. 36, Sept. 5, 2025.)

The IRS released Notice 2025-42 following enactment of the OBBBA, which modified many of the IRA clean energy incentives and added a credit termination provision to sections 45Y production tax credit (PTC) and 48E investment tax credit (ITC). Under the OBBBA, those credits terminate for wind and solar qualified facilities that begin construction after July 4, 2026, unless they are placed in service on or before December 31, 2027. The Treasury Department and the IRS had released Notice 2025-42 in direct response to Executive Order 14315, ***Ending Market Distorting Subsidies for Unreliable, Foreign-Controlled Energy Sources***, issued on July 7, 2025. Taxpayers had been required to apply the notice's rules to wind and solar facilities that begin construction on or after September 2, 2025. Prior to September 2, 2025, taxpayers were permitted to follow the BOC rules set forth in section 5 of Notice 2022-61. With Notice 2025-42 vacated, taxpayers now must apply those BOC rules in Notice 2022-61, unless or until the holding in this case is modified by the courts through an appeal or the IRS and Treasury issue new BOC guidance. (For prior coverage, see *Tax News & Views*, Vol.27, No. 13, March 27, 2026.)

Treasury, IRS announce forthcoming proposed regs on updated section 4960 covered employee definition

On June 5, 2026, the Treasury Department and the IRS issued Notice 2026-36 announcing their intent to issue proposed regulations under section 4960 pertaining to the excise tax on excess tax-exempt organization executive compensation, as amended by section 70416 of the OBBBA. (IRS press release IR-2026-73)

The OBBBA expanded the definition of employees subject to the excise tax on excess executive compensation to include any employee of an applicable tax-exempt organization (ATEO) who is paid in excess of $1 million. The notice provides that the forthcoming proposed regulations will retain two of the three exceptions to the definition of employees covered by the tax contained in existing regulations and notes that Treasury and the IRS expect to interpret the effective date of the OBBBA changes to only apply prospectively. Until the forthcoming proposed regulations are issued, ATEOs may rely on the interpretations and exceptions described in the notice. For more details, see the Deloitte Tax LLP new alert.

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Trade corner: Administration developing process to refund certain liquidated IEEPA tariffs while appealing order for universal refund of liquidated IEEPA tariffs not backed by court order

A top US Customs and Border Protection (CBP) official told Court of International Trade Judge Richard Eaton June 9 that the agency is still creating a process for refunding tariffs that involve more complex entry types and that have been finally liquidated (***i.e.***, are more than 90 days post-liquidation) in the Consolidated Administration and Processing of Entries (CAPE) portal. "We can't do it all at once," CBP Executive Assistant Commissioner Susan Thomas testified after explaining CBP's rationale for developing a system in phases for refunding tariffs imposed under the International Emergency Economic Powers Act (IEEPA) invalidated by the Supreme Court in February. Thomas said refunds the agency is currently capable of processing should exceed $60 billion by end of this month, but if CBP had been forced to issue all the refunds in a single tranche, it wouldn't have happened as efficiently as it has since the agency chose to develop a system in tiers to process easier entries first. "We would just be doing it forever," she said, at the expense of simpler refunds as well as other CBP functions. Finally liquidated entries represent about 6.9 percent of the IEEPA duties, or about $11.4 billion, Thomas said.

The Justice Department's June 2 appeal to the US Court of Appeals for the Federal Circuit challenges Eaton's prior order requiring CBP to issue refunds on tariffs that have already been finally liquidated. Against that backdrop, Thomas's testimony, delivered a week later, discussed the next phase of refund processing even as the administration is challenging whether some tariffs that may qualify for refunds must be repaid. According to an earlier court filing on May 29 to amend an order compelling the testimony of CBP Commissioner Rodney Scott, the Justice Department argued the universal injunction exceeds the CIT's jurisdiction and equitable authority under a different Supreme Court decision from last year. "For that reason, defendants intend to appeal the Court's universal injunction and to seek a stay of the injunction except as to the particular importer plaintiffs in each case in which the Court has entered the injunction," the filing said. Though CBP is building CAPE capacity to accept entries for fully liquidated entries, the administration's appeal is centered on them, Justice Department attorney Claudia Burke told Eaton during the June 9 hearing. "The issue is before the Federal Circuit," she said. "I do want to point out that we're talking about 6.9 percent of the total amount of money; 6.9 percent includes both the final and liquidated cases for which there are cases and for which there aren't cases. That's the sole area of dispute, I think, today."

CBP launched the CAPE process on April 20 to allow importers to request refunds on many types of simpler entries that are unliquidated or 10 days from being finally liquidated (***i.e.***, up to 80 days post-liquidation). The process to obtain refunds for finally liquidated entries remains in dispute and uncertain in light of the appeal, though. Eaton during the June 9 hearing said the appeal indicates the government doesn't want to refund the full amount, with which he continued to disagree. "Time has come to ensure that all of the duties are refunded," Eaton said.

In another court filing on June 9, CBP indicated that it anticipates releasing the next phase for IEEPA refund requests (Phase 2) through CAPE on June 29. CBP stated that Phase 2 will include entries flagged for Reconciliation that are unliquidated and liquidated up to 80 days post-liquidation.

Section 301 tariffs proposed for 60 trading partners based on USTR's forced labor investigations

The US Trade Representative is proposing additional tariffs, at rates of 10 percent and 12.5 percent, on 60 economies after determining they failed to impose and/or enforce a prohibition on goods produced with forced labor, giving them advantages over US competition. The findings were based on investigations under Section 301 of the Trade Act of 1974, as detailed in a report issued June 2. USTR proposes 10 percent as the rate of additional duties for economies that USTR determined have partly addressed the issue, such as Canada, Mexico, the European Union and the United Kingdom. USTR proposes 12.5 percent as the rate of additional duties for the remainder of the economies, including China. USTR also proposes a textile-specific program for reduced 301 tariffs, where the amount of apparel and textile goods eligible for reduced-tariff imports would be equal to the volume of US textile inputs, cotton and cotton products imported by the trading partner.

USTR is seeking feedback on the proposals and called for written comments by July 6, with hearings on the proposed actions scheduled for a day later.

USTR releases findings of Section 301 investigation on Brazil

USTR is proposing a 25 percent tariff rate on many Brazilian goods based on a separate Section 301 investigation. It determined that a myriad of policies from Brazil are unreasonable or discriminatory and burden or restrict US commerce, including its track record on digital trade and electronic payment services, as well as preferential tariff treatment on Mexican and Indian goods, poor anti-corruption enforcement and intellectual property protection, limited ethanol market access and illegal deforestation. USTR called for written comments

by July 1, followed by a hearing on July 6.

Aluminum, steel and copper tariffs adjusted again

Adjusted tariffs took effect June 8 on products comprised wholly or partly from the metals aluminum, steel, or copper, according to a new executive order on duties imposed under section 232 of the Trade Expansion Act of 1962. Among changes, the proclamation imposed an ad valorem duty of 50 percent on products made entirely or almost entirely of aluminum, steel or copper, and it set an ad valorem duty of 25 percent on derivative products that tend to be predominately composed of those metals. The executive order expanded the types of products that qualify for a temporarily reduced ad valorem duty of 15 percent on a subset of derivative products, namely fixed industrial machinery and power equipment, to include agricultural equipment, mobile industrial equipment like forklifts and certain heating, ventilation, and air conditioning (HVAC) systems and components that are predominately for residential use. It also added aluminum lithographic plates and steel racks to the derivative goods category facing a 25 percent rate and lowered the defined threshold for imported products to qualify as made "entirely" from American aluminum, steel or copper to 85 percent from 95 percent, among other changes.

US enacts tariff reductions from trade deal with Taiwan

Following a January 15, 2026, Memorandum of Understanding Between the Taipei Economic and Cultural Representative Office in the United States and the American Institute in Taiwan Relating to Taiwan-US Investment, the US implemented certain provisions related to tariffs under Section 232 of the Trade Expansion Act of 1962 on Taiwan origin goods. Specifically, the US is providing reduced Section 232 tariffs to no more than 15 percent for certain automobile parts, timber, lumber and wood derivative products that are made in Taiwan, according to a Commerce Department notice posted on May 28. In addition, the US will remove derivative Section 232 steel, aluminum and copper tariffs from aircraft components from Taiwan. The rate changes are retroactive to May 1. In addition, Taiwanese semiconductor and technology enterprises will make $250 billion in direct investments to build and expand advanced semiconductor, energy and artificial intelligence production and innovation capacity in the US, the notice said.

White House orders tighter import rules

US Customs and Border Protection (CBP) and the Department of Homeland Security (DHS) will be issuing stricter regulations on importers of record (IORs), and their affiliates and agents, based on an Executive Order issued by the White House on June 3. The changes will include requirements for IORs to "maintain at all times a minimum level of tangible domestic assets, bonding, or both," and higher bond amounts to "ensure compliance with US customs and trade laws." In addition, IORs will need to meet a "good standing" requirement, report more information to CBP, and foreign IORs, specifically, will be prohibited from filing informal entries and will need to obtain Customs Trade Partnership Against Terrorism (CTPAT) validation or use customs broker with CTPAT validation status, among other changes. Other new rules will address CBP's penalty mitigation procedures, "establish enhanced vetting procedures" of importers, affiliates of importers, customs brokers, freight forwarders, and directs DHS to "take any action he deems necessary to bolster the enforcement of customs laws, regulations, and other mandates."

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