

118TH CONGRESS
2D SESSION

S. _____

To amend the Internal Revenue Code of 1986 to exclude from gross income de minimis gains or losses from certain sales or exchanges of virtual currency, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. BUDD (for himself, Ms. SINEMA, Ms. LUMMIS, and Mrs. GILLIBRAND) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income de minimis gains or losses from certain sales or exchanges of virtual currency, and for other purposes.

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. SHORT TITLE.**

4 This Act may be cited as the “Virtual Currency Tax
5 Fairness Act”.

1 **SEC. 2. VIRTUAL CURRENCY.**

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

5 **“SEC. 139J. DE MINIMIS GAIN OR LOSS FROM SALE OR EX-
6 CHANGE OF VIRTUAL CURRENCY.**

7 “(a) IN GENERAL.—Subject to subsection (b), gross
8 income shall not include gain or loss from the sale or ex-
9 change of virtual currency, unless the sale or exchange is
10 for—

11 “(1) cash or cash equivalents,

12 “(2) any property used by the taxpayer in the
13 active conduct of a trade or business, or

14 “(3) any property held by the taxpayer for the
15 production of income (as described in section
16 212(2)).

17 “(b) LIMITATION.—

18 “(1) IN GENERAL.—Subsection (a) shall not
19 apply in the case of any sale or exchange for
20 which—

21 “(A) the total value of such sale or ex-
22 change exceeds \$200, or

23 “(B) the total gain or loss which would
24 otherwise be recognized with respect to such
25 sale or exchange exceeds \$200.

1 “(2) AGGREGATION RULE.—For purposes of
2 this subsection, all sales or exchanges which are part
3 of the same transaction (or a series of related trans-
4 actions) shall be treated as one sale or exchange.

5 “(c) VIRTUAL CURRENCY.—For purposes of this sec-
6 tion, the term ‘virtual currency’ means a digital represen-
7 tation of value which—

8 “(1) functions as a unit of account, a store of
9 value, or a medium of exchange, and

10 “(2) is not a representation of the United
11 States dollar or any foreign currency.

12 “(d) INFLATION ADJUSTMENT.—In the case of any
13 taxable year beginning in a calendar year after 2025, each
14 dollar amount in subsection (b)(1) shall be increased by
15 an amount equal to—

16 “(1) such dollar amount, multiplied by

17 “(2) the cost-of-living adjustment determined
18 under section 1(f)(3) for the calendar year in which
19 the taxable year begins, determined by substituting
20 ‘calendar year 2024’ for ‘calendar year 2016’ in sub-
21 paragraph (A)(ii) thereof.

22 Any increase determined under the preceding sentence
23 shall be rounded to the nearest multiple of \$10.”.

24 (b) CLERICAL AMENDMENT.—The table of sections
25 for part III of subchapter B of chapter 1 of the Internal

1 Revenue Code of 1986 is amended by inserting after the
2 item relating to section 139I the following new item:

“Sec. 139J. De minimis gain or loss from sale or exchange of virtual cur-
rency.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply with respect to transactions en-
5 tered into after December 31, 2024.