

118TH CONGRESS  
1ST SESSION

# H. R. 1414

To amend the Internal Revenue Code of 1986 to clarify the definition of broker, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 2023

Mr. MCHENRY (for himself, Mr. TORRES of New York, Mr. DAVIDSON, Mr. KHANNA, Mr. EMMER, Mr. SWALWELL, Mr. SCHWEIKERT, Mr. SOTO, and Mr. HILL) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to clarify the definition of broker, 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 “Keep Innovation in  
5 America Act”.

1 **SEC. 2. CLARIFICATION OF DEFINITION OF BROKER.**

2 (a) IN GENERAL.—Section 6045(c)(1)(D) of the In-  
3 ternal Revenue Code of 1986 is amended to read as fol-  
4 lows:

5 “(D) any person who (for consideration)  
6 stands ready in the ordinary course of a trade  
7 or business to effect sales of digital assets at  
8 the direction of their customers.”.

9 (b) EFFECTIVE DATE.—The amendment made by  
10 this section shall apply to returns required to be filed and  
11 statements required to be furnished after December 31,  
12 2025.

13 **SEC. 3. REPORTING OF DIGITAL ASSETS.**

14 (a) BROKERS.—

15 (1) DEFINITION OF DIGITAL ASSET.—Section  
16 6045(g)(3)(D) of the Internal Revenue Code of 1986  
17 is amended to read as follows:

18 “(D) DIGITAL ASSET.—The term ‘digital  
19 asset’ means any digital representation of value  
20 which is recorded on a cryptographically se-  
21 cured distributed ledger.”.

22 (2) APPLICABLE DATE.—Section  
23 6045(g)(3)(C)(iii) of such Code is amended to read  
24 as follows:

1                   “(iii) January 1, 2025, in the case of  
2                   any specified security which is a digital  
3                   asset, and”.

4           (b) FURNISHING OF INFORMATION.—Section  
5 6045A(d) of such Code is amended to read as follows:

6           “(d) RETURN REQUIREMENT FOR CERTAIN TRANS-  
7 FERS OF DIGITAL ASSETS NOT OTHERWISE SUBJECT TO  
8 REPORTING.—Any broker, with respect to any transfer  
9 (which is not part of a sale or exchange executed by such  
10 broker) during a calendar year of a covered security which  
11 is a digital asset from an account wholly controlled and  
12 maintained by such broker to an account which is not  
13 maintained by, or an address not associated with, a person  
14 that such broker knows or has reason to know is also a  
15 broker, shall make a return for such calendar year, in such  
16 form as determined by the Secretary, showing the infor-  
17 mation otherwise required to be furnished with respect to  
18 transfers subject to subsection (a). Information reported  
19 by brokers under this section shall be limited to customer  
20 information that is voluntarily provided by the customer  
21 and held by the broker for a legitimate business purpose.”.

22           (c) DELAYED EFFECTIVE DATE FOR CERTAIN IN-  
23 FORMATION REPORTING CHANGES; REVERSAL OF CER-  
24 TAIN ADDITIONS TO 6050I.—Section 80603 of the Infra-  
25 structure Investment and Jobs Act is amended—

1 (1) by striking subsection (b)(3), and  
2 (2) in subsection (c), by striking “December 31,  
3 2023” and inserting “December 31, 2025”.

4 (d) EFFECTIVE DATES.—

5 (1) The amendments made by subsections (a)  
6 and (b) shall apply to returns required to be filed  
7 and statements required to be furnished after De-  
8 cember 31, 2025.

9 (2) The amendment made by subsection (c)  
10 shall take effect as if included in the enactment of  
11 section 80603 of the Infrastructure Investment and  
12 Jobs Act.

13 **SEC. 4. STUDY AND REPORT ON TREATMENT OF DIGITAL**  
14 **ASSETS AS CASH UNDER CERTAIN LAWS.**

15 (a) STUDY.—The Secretary, in consultation with the  
16 Financial Crimes Enforcement Network, and representa-  
17 tives of the digital asset industry, organizations focused  
18 on individual privacy and civil liberties, organizations en-  
19 gaged in advocacy, research or developing standards relat-  
20 ing to digital asset use, shall conduct a study on the effect  
21 of expanding the definition of cash to include any digital  
22 asset (as defined in section 6045(g)(3)(D) of the Internal  
23 Revenue Code of 1986) solely for purposes of—

24 (1) section 6050I of such Code, and

1           (2) section 5331 of title 31, United States  
2 Code.

3           (b) REPORT.—Not later than 365 days after the date  
4 of the enactment of this Act, the Secretary shall provide  
5 to relevant committees a report that contains all findings  
6 and determinations made in carrying out the study under  
7 subsection (a), including an analysis of—

8           (1) the interpretation of, regulations under, and  
9 enforcement of the sections specified in paragraphs  
10 (1) and (2) of subsection (a),

11           (2) the privacy and liberty rights and interests  
12 of taxpayers and other persons affected,

13           (3) the cost-benefit analysis of compliance,

14           (4) the effect on the use of and access to digital  
15 assets and the financial system,

16           (5) the effect on innovation, and

17           (6) the effect on the economic competitiveness  
18 of the United States.

19           (c) DEFINITIONS.—For purposes of this section—

20           (1) RELEVANT COMMITTEES.—The term “rel-  
21 evant committees” means—

22           (A) the Committee on Financial Services  
23 of the House of Representatives,

24           (B) the Committee on Banking, Housing,  
25 and Urban Affairs of the Senate,

1 (C) the Committee on Ways and Means of  
2 the House of Representatives, and

3 (D) the Committee on Finance of the Sen-  
4 ate.

5 (2) SECRETARY.—The term “Secretary” means  
6 the Secretary of the Treasury (or the Secretary’s  
7 delegate).

8 **SEC. 5. FINDINGS.**

9 Congress finds the following:

10 (1) Advances in technology have led to the cre-  
11 ation of digital assets and blockchain technology  
12 that will improve the United States financial system  
13 and create a more fair and equitable structure for  
14 everyday Americans.

15 (2) The reporting requirements under current  
16 law require digital asset market participants to ad-  
17 here to standards that are incompatible with this  
18 technology’s operation. This will hinder the develop-  
19 ment of digital assets and its underlying technology  
20 in the United States, shifting its development out-  
21 side the United States.

22 (3) The Chinese Government’s recent ban of  
23 cryptocurrency transactions provides the United  
24 States an opening to further enhance its role as the  
25 leading nation in the development of innovative

1 blockchain technologies. Providing clear rules for  
2 both consumers and developers of digital assets is  
3 essential to taking advantage of this opportunity.

4 (4) Miners and validators, hardware and soft-  
5 ware developers, and protocol developers are not ac-  
6 tual brokers and do not collect or have reason to col-  
7 lect the information required under the Infrastruc-  
8 ture Investment and Jobs Act.

9 (5) It is not in the interest of American tax-  
10 payers for Congress to create uncertainty.

11 (6) Consistent and accurate reporting on digital  
12 asset transactions is necessary. Congress must work  
13 to bring legal and regulatory certainty to the digital  
14 asset industry. Clear rules of the road fosters tech-  
15 nology and innovation.

16 (7) Any amendments made by this Act will not  
17 impact revenue estimated from the Infrastructure  
18 Investment and Jobs Act.

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