

**May 13, 2026**

**The Honorable Jason Smith**

Chairman

Committee on Ways and Means

U.S. House of Representatives

Washington, DC 20515

**The Honorable Richard Neal**

Ranking Member

Committee on Ways and Means

U.S. House of Representatives

Washington, DC 20515

## **Industry Support for a Comprehensive Digital Asset Taxation Framework**

Dear Chairman Smith, Ranking Member Neal, and Members of the Committee:

The United States is at an inflection point for digital asset leadership. Today, over 70 million Americans<sup>1</sup> participate in this economy, yet they are forced to operate under an inconsistent and outdated tax framework. Acting on behalf of a unified membership, The Digital Chamber writes to strongly support the development of a comprehensive legislative tax framework for digital assets. As the world's leading blockchain trade association, representing over 250 companies, the priorities outlined in this letter reflect the shared objectives of our broader membership base.

We are seeing firsthand how current tax ambiguity is impacting everyday Americans – from stifling innovation, cautioning participation and deterring investment to pushing critical infrastructure outside the United States. This broad perspective makes us uniquely equipped to help Congress craft a balanced, workable tax resolution.

### **Key Priorities for a Comprehensive Tax Framework**

Any successful legislation must provide a "North Star" grounded in the technological realities of how digital assets function and their varied use cases. Any tax legislation should be technologically neutral, forward-looking, and supportive of continued U.S. innovation. We urge the Committee to prioritize the following pillars:

#### **1. Clarity on Block and Staking Rewards and Network Participation**

- Issue: All blockchains rely on a consensus mechanism to validate transactions and secure infrastructure, whether through the staking of digital assets via validator nodes (for Proof-of-Stake networks), mining via miners and nodes (for Proof-of-Work), or other novel consensus mechanisms. Rewards, transaction fees, and other similar incentive mechanisms denominated in the native cryptocurrency are received in exchange for

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<sup>1</sup> See, e.g., Brett Cruz & Gene Petrino, *2026 Cryptocurrency Adoption and Sentiment Report*, Security.org (Jan. 26, 2026), <https://www.security.org/digital-security/cryptocurrency-annual-consumer-report/> (estimating that approximately 30% of American adults, or over 70 million people, currently own cryptocurrency).

participating in the validation process. Because digital assets are property, current taxation of rewards poses challenges – taxpayers may be forced to liquidate assets to pay taxes, which can impact participation in DeFi or other activities, or taxpayers may not have access to assets immediately (e.g., in the case of automatic restaking). Lack of sourcing clarity for staking has incentivized the offshoring of key infrastructure.

- **Legislative Action Needed:** Legislation is needed to bring taxpayers clarity and consistency on the timing, character, and source of income from all consensus mechanisms, transaction fees, and network validation activities.
- **Constituent Impact:** Clarity in the tax law reduces burdens to everyday Americans trying to comply with their tax obligations and reduces inconsistent taxpayer outcomes. Reasonable minds can differ when the rules are unclear, which disadvantages constituents that aren't able to access sophisticated tax advisors. It also reduces incentives for blockchain infrastructure to shift offshore to avoid tax ambiguities.

## 2. Parity with Traditional Assets

- **Issue:** Despite the overlap of use cases between digital assets and traditional investment assets, the tax code has yet to be updated to apply the same rules to similar assets. As a result, taxpayers face unnecessary tax risk and market friction.
- **Legislative Action Needed:** Legislation is needed to align the tax treatment of digital assets with established tax principles for traditional investment assets when appropriate, ensuring a level playing field across the broader financial sector.
- **Constituent Impact:** Parity ensures consistency for taxpayers – digital assets are treated similar to other investment assets. Reduces market friction by reducing tax risk for key financial activity, such as digital asset lending. Levels the playing field for U.S. businesses.

## 3. A Workable *De Minimis* Exemption

- **Issue:** A key challenge in building a workable tax framework for digital assets is the diversity of use cases. Just as digital assets can function as an investment asset warranting parity with traditional investment assets, digital assets can also serve as a medium of exchange. When everyday taxpayers use digital assets in lieu of money, whether to pay transaction fees or for some personal transactions, taxpayers trigger a taxable event, even if they use stablecoin.
- **Legislative Action Needed:** Legislation is needed to reduce the friction and burdens of the current tax and tax reporting framework for digital assets. For example, Congress can consider excluding regulated stablecoins from gross income and tax reporting and designing a targeted de minimis exception for digital assets, including Layer 1 blockchains (e.g., Bitcoin, Ethereum, Solana, etc.).<sup>2</sup>

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<sup>2</sup> Please note that a de minimis exception for digital assets may still require taxpayers to determine which digital asset is used and the associated tax basis so as to update their books and records prior to determining any excluded gain or loss. While eliminating an amount of de minimis gain, this provision may not lessen the administrative burden on taxpayers or brokers.

- **Constituent Impact:** A workable de minimis exception reduces friction for market participants engaging with digital assets as a medium of exchange while encouraging uptake and innovation.

## **The Economic Imperative of Regulatory Clarity**

Far from a niche or futuristic concept, blockchain technology is actively creating jobs and empowering businesses within your districts right now. The United States is uniquely positioned to lead the Web3 revolution, just as we did with the early internet, but this potential is severely hindered by an outdated tax framework. Today, entrepreneurs must navigate a confusing web of rules designed for a bygone era. Establishing clear tax policy is a strict prerequisite for domestic capital formation. By replacing ambiguity with statutory certainty, Congress can boost tax compliance, protect retail investors, and remove the legal friction that threatens to push American innovation offshore.

The cost of inaction is not theoretical. Absent clear legislation, the United States will lose talent, infrastructure, and investment to jurisdictions that have already provided regulatory clarity. This trend is already underway. A growing share of token foundations and protocol development entities are being established in jurisdictions such as Switzerland, Cayman Islands, and the UAE, not by coincidence, but in response to regulatory and tax uncertainty in the United States. As a result, intellectual property, governance, and treasury assets that could otherwise be based domestically are increasingly held abroad.

The tax code should not be the primary driver of this offshoring trend. Congress has the ability, and the responsibility, to correct it. Importantly, tax modernization is required to realize Congress's recent legislative goals.

## **Delivering Innovation, Taxpayer Certainty, and Securing U.S. Leadership**

Advancing a comprehensive digital asset tax framework offers a rare, bipartisan opportunity to deliver a multifaceted victory for the over 70 million Americans currently participating in the digital asset economy, and for the millions that will participate as the lines between traditional finance and digital assets continue to blur. It secures American leadership in a rapidly growing global industry, provides taxpayers with the clear rules they need to confidently participate, and ensures the U.S. Treasury can effectively collect revenue.

We stand ready to serve as a resource to the Committee as you draft and refine this vital legislation. We look forward to working together to build a tax framework that supports American innovation.

Sincerely,  
The Digital Chamber