



To: Members of the House Committee on Ways and Means

From: National Taxpayers Union

Date: Feb 25, 2025

Subject: NTU's Views on February 26th Committee Markup

I. Introduction and Key Taxpayer Considerations

On behalf of the National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we write to express our views on a critical Congressional Review Act measure slated for consideration before the House Committee on Ways and Means. This resolution will nullify the misguided "digital asset broker" rule promulgated by the Internal Revenue Service, which inappropriately usurps authority from Congress to define the next generation of financial technology. NTU strongly urges Committee members to support H. J. Res. 25.

H. J. Res. 25 - A Joint Resolution Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Internal Revenue Service relating to "Gross Proceeds Reporting by Brokers That Regularly Provide Services Effectuating Digital Asset Sales - **Support**

This resolution was introduced by Rep. Mike Carey (R-OH) and would neutralize a harmful regulation finalized in the waning days of the Biden administration by the Internal Revenue Service. This regulation harms a still-developing industry by forcing tremendous compliance costs ([\\$260 billion annually](#)) onto decentralized finance platforms. Decentralized finance (DeFi) software allows consumers to exchange value worldwide usually at a fraction of the time of traditional banking and with little to no third-party involvement. Wire payments through two banks can take days, whereas transfers of Bitcoin or Ethereum are nearly instantaneous. This rule seeks to shovel this new industry into a traditional model of compliance akin to securities brokerages, where the DeFi platform which is merely the front-end access point and not involved in the actual transaction, (custodial / non-custodial). The rule forces a duty to collect substantial customer information and create a broker relationship where none was intended to exist - based on the very design of these digital protocols. Beyond the obvious issues with the compliance burden and the design of this regulation, the IRS went too far beyond statute in inventing wholesale definitions upon which this regulation is built on.

Congress meaningfully defined "broker" under statute in this context, as "any person who (for consideration) is responsible for regularly providing any service effectuating transfers of digital assets on behalf of another person."

The IRS expanded this definition to include "digital asset middleman" heretofore undefined in statute, to be "person who provides a facilitative service as described in [the proposed regulations] with respect to a sale of digital assets wherein the nature of the service arrangement is such that the person ordinarily would know or

be in a position to know the identity of the party that makes the sale and the nature of the transaction potentially giving rise to gross proceeds from the sale.” This regulation would severely damage the potential of the growing DeFi industry within the United States and should be cancelled. Congress should retake its authority and finally establish meaningful and discrete definitions of key terms so that this type of regulatory overreach cannot occur again.

II. Contact Information

Thank you for your consideration. Should you have any questions about the content in this memo, please do not hesitate to reach out to Nicholas Johns at NJohns@ntu.org.