

An Open Letter in Support of a Digital Asset De Minimis Tax Exemption

The Crypto Council for Innovation (CCI) and the undersigned CCI member companies strongly support the adoption of a de minimis tax exemption for digital asset transactions. As Congress continues to advance legislation to provide tax clarity for digital assets, it is essential to address one of the most immediate and practical barriers facing American users: the taxation of small, everyday digital asset transactions.

Organizations across the digital asset industry—from companies building with Bitcoin and other decentralized networks to stablecoin issuers, exchanges, and blockchain infrastructure providers—are united in supporting a reasonable de minimis threshold that applies across digital asset ecosystem, including, for example, Bitcoin, Ethereum, Solana, Avalanche, and stablecoins. This would remove unnecessary compliance burdens on everyday users and businesses while preserving full taxation of economically meaningful activity.

Current IRS guidance states that digital assets such as Bitcoin are treated as property for tax purposes.¹ As a result, every disposition of a digital asset, including those transactions involving only a few cents of value, can trigger a taxable event requiring the calculation and reporting of gain or loss. Although designed for traditional investment assets, this framework in practice captures many activities that are not investment-related but simply reflect how blockchain networks function.

For example, routine gas fees paid to interact with a blockchain—such as executing a smart contract or transferring a token—may technically constitute taxable events under current guidance, even when the economic value is negligible.² Similarly, low value transfers of digital tokens used to settle network activity can create tax obligations that are wholly disproportionate to their significance. Developers, users, businesses, and even the IRS therefore face administrative burdens that are misaligned with the realities of high frequency, low value digital interactions. For individuals regularly interacting with blockchain networks, this can require tracking hundreds or even thousands of small taxable events each year—an administrative burden that is disproportionate to any resulting tax liability. It’s been reported that IRS officials are anticipating an estimate of 8 billion individual digital asset reporting forms this year, which

¹ IRS Notice 2014-21, 2014-16 I.R.B. 938 (Mar. 25, 2014), <https://www.irs.gov/pub/irs-drop/n-14-21.pdf>.

² See, e.g., Crypto Council for Innovation, What Are Ethereum Gas Fees?, <https://cryptoforinnovation.org/what-are-ethereum-gas-fees/> (last visited Nov. 24, 2025)(explaining how “gas” is the term for the amount of cryptocurrency that may be required for a user to interact with a network and is used to compensate validators who verify transactions).

would be double the amount of every other 1099 filing the IRS receives annually.³ The result is friction that discourages adoption and innovation and adds additional strain on IRS capacity that would ultimately undermine the tax base.

These challenges are compounded by the structure of digital asset activity itself. Transactions can occur across centralized exchanges, self-custodied wallets, payment applications, and decentralized blockchain networks. Unlike traditional financial accounts, no single intermediary necessarily maintains a complete record of a user’s activity across these systems. Taxpayers must therefore reconcile information from multiple sources simply to determine the tax consequences of routine transactions.

At the same time, digital assets such as Bitcoin⁴, are increasingly being used for payments and everyday transactions. Today it is estimated that roughly 14% of U.S. adults—approximately 45 million Americans—own cryptocurrency.⁵ Federal Reserve survey data likewise suggests that on the order of seven million Americans used Bitcoin or other network tokens over the course of 2024 to make payments they perceived as faster, cheaper, or easier than traditional options.⁶ Innovative products in the market are modernizing payments and enabling merchants to accept digital currency seamlessly at the point of sale, often reducing payment processing fees, enabling faster settlement and putting more money back into the local economy. Current tax treatment, however, disincentivizes use and adoption as a method of payment.

A targeted de minimis exemption for digital assets would provide a modest but meaningful solution by relieving taxpayers of reporting obligations where compliance costs far exceed any potential tax liability.⁷ Limiting this approach only to stablecoins would overlook the practical realities of how blockchain networks actually operate and how users interact with them. Because

³ Tax Notes, “IRS Prepping for at Least 8 Billion Crypto Information Returns”, Jonathan Curry, Oct. 26, 2023.

Available at <https://www.taxnotes.com/featured-news/irs-prepping-least-8-billion-crypto-information-returns/2023/10/25/7hhdp>.

⁴ Recent estimates reflect that the United States represents the largest market globally for Bitcoin-based payments. More than 3,500 merchants across all 50 states are now reported to accept Bitcoin at the point of sale—more than in any other jurisdiction. See, e.g., United States Bitcoin Merchant Dashboard, Btcmmap.org, accessed Dec. 22, 2025, data available at <https://btcmmap.org/country/us/merchants>.

⁵ River Financial, River Bitcoin Adoption Report 2025 (River.com, 2025), available at <https://river.com/learn/files/River-bitcoin-adoption-report-2025.pdf>.

⁶ Board of Governors of the Federal Reserve System, Economic Well-Being of U.S. Households in 2024, p. 54, available at <https://www.federalreserve.gov/publications/files/2024-report-economic-well-being-us-households-202505.pdf>.

⁷ This targeted de minimis would apply to digital assets eligible for capital gain treatment.

stablecoins and other digital assets operate on the same blockchain infrastructure, users frequently engage in small-value transactions such as paying gas fees, interacting with decentralized applications, or transferring tokens used to facilitate network activity. Restricting a de minimis exemption to stablecoins would therefore leave many routine and unavoidable network interactions subject to the same compliance challenges that currently impede adoption. The core issue is not the volatility or purpose of a particular digital asset, but the impracticality of applying a property-based tax system to technologies that rely on high-frequency, low-value transfers.

While digital assets are increasingly used for payments, they are also used for purposes such as powering decentralized applications, enabling machine-to-machine transactions, facilitating cross-border transfers, and settling tokenized financial markets. These emerging use cases often rely on rapid, low value transactions that are impractical to monitor and report under the current tax framework. As the U.S. continues to cement its leadership in digital assets and related infrastructure, a de minimis exemption would allow American developers and companies to build and scale these technologies domestically rather than abroad.⁸

A well designed exemption can incorporate safeguards that prevent abuse while providing meaningful administrative relief. Similar to the existing de minimis exemption for foreign currency transactions under \$200, applying a de minimis to digital asset transactions would have parity under existing law. Legislative proposals for a digital asset de minimis exemption should also include anti-abuse provisions, such as anti-structuring rules designed to prevent taxpayers from splitting larger transactions to qualify for the exemption. We encourage lawmakers to consider a threshold that is modest enough to command bipartisan support while meaningfully relieving everyday users of disproportionate compliance burdens in payments and reflects the unique operational realities of blockchain networks, where routine interactions such as gas fees, microtransactions, and protocol-level activity generate taxable events that have no analog in traditional finance.

In short, CCI supports a legislative approach that establishes a reasonable per transaction threshold; clearly covers every day payments for goods and services as well as gas fees and other network-driven microtransactions; applies uniformly across all digital asset types; and maintains robust reporting for higher value transactions. This targeted reform would better align tax policy

⁸ The commercial reality is already here. Square platform, for example, has rolled out bitcoin payments via the Lightning Network to over 4 million U.S. merchants. USDC, Circle's dollar-pegged stablecoin, is now accessible through more than 500 million end-user wallet products Circle, and stablecoin-based business payment volumes have surged from \$100 million per month in 2023 to over \$3 billion by 2025. These are American companies, building on American infrastructure.

with economic reality, reduce unnecessary friction, promote compliance and innovation, and preserve overall tax integrity.

For these reasons, CCI and the undersigned member companies strongly support the adoption of a digital asset de minimis exemption as policymakers continue efforts to modernize digital asset tax policy in the United States. Such an exemption reflects the shared view of companies and organizations building throughout the digital asset ecosystem that tax policy should address the practical realities of how blockchain networks operate.

Respectfully submitted,

Crypto Council for Innovation (CCI)

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