

Congress of the United States

Washington, DC 20515

June 9, 2025

The Honorable Scott Bessent
Secretary of the Treasury
1500 Pennsylvania Ave. NW
Washington, DC 20220

The Honorable Michael Faulkender
Acting Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Dear Secretary Scott Bessent and Commission Faulkender,

We write to express our concern about the federal tax treatment of digital asset network rewards earned through proof-of-work mining and proof-of-stake validation. The Internal Revenue Service currently taxes these rewards at the moment of creation rather than upon sale or exchange, which imposes an unfair and duplicative burden on American digital asset infrastructure providers.

This form of double taxation that does not align with longstanding principles governing commodity-producing industries in the United States, which has been shared by the Securities and Exchange Commission, the Commodity Futures Trading Commission, and federal courts, for years.

IRS Notice 2014-21 classifies digital assets as property and treats network rewards as gross income when individuals receive them. This approach fails to distinguish between creating a new asset and realizing income from selling it. As a result, industry is taxed first at the time of creation and again when the digital asset is ultimately sold or exchanged. This tax structure places U.S.-based miners and stakers at a disadvantage relative to their international competitors.

Because of the volatility in digital asset markets, this policy exposes U.S.-based operators to tax liabilities based on unrealized gains. It discourages investment in U.S. infrastructure, energy innovation, and blockchain technology and puts domestic businesses at a disadvantage globally.

We urge the Treasury Department and the IRS to update their guidance and treat digital asset rewards as taxable only when individuals or businesses sell or exchange them. This approach would align with how the tax code treats similar industries, support tax neutrality and strengthen U.S. leadership in the global digital economy.

Please direct any questions or follow-up to my policy advisor, Caroline Sayers, at 202-225-5476.

Thank you for considering this issue.

Sincerely,



Zach Nunn
Member of Congress



Tom Emmer
Majority Whip



Bryan Steil
Chairman of the Subcommittee on Digital Assets
Financial Technology, and Artificial Intelligence



Byron Donalds
Member of Congress