AMENDMENT
OFFERED BY MR. POLIS OF COLORADO

Add at the end the following:

TITLE VI—TAX TREATMENT OF VIRTUAL CURRENCY

SECTION 601. VIRTUAL CURRENCY.

(a) In General.—Part III of subchapter B of chapter 1 is amended by inserting after section 139G the following new section:

“SEC. 139H. GAIN FROM SALE OR EXCHANGE OF VIRTUAL CURRENCY.

“(a) In General.—Gross income shall not include gain from the sale or exchange of virtual currency for other than cash or cash equivalents.

“(b) Limitation.—

“(1) In General.—The amount of gain excluded from gross income under subsection (a) with respect to a sale or exchange shall not exceed $600.

“(2) Aggregation Rule.—For purposes of this subsection, all sales or exchanges which are part of the same transaction (or a series of related transactions) shall be treated as one sale or exchange.
“(c) Virtual Currency.—For purposes of this section, the term ‘virtual currency’ means a digital representation of value that is used as a medium of exchange and is not otherwise currency under section 988.

“(d) Inflation Adjustment.—In the case of any taxable year beginning in a calendar year after 2018, the dollar amount in subsection (b) shall be increased by an amount equal to—

“(1) such dollar amount, multiplied by

“(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2017’ for ‘calendar year 1992’ in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $50.”.

(b) Clerical Amendment.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 139G the following new item:

“Sec. 139H. Gain from sale or exchange of virtual currency.”.

(c) Reporting of Gains or Losses.—The Secretary shall issue regulations providing for information returns on virtual currency transactions for which gain or loss is recognized.
(d) **Effective Date.**—The amendments made by this section shall apply with respect to transactions entered into after December 31, 2017.