

**AMENDMENT**

**OFFERED BY MR. POLIS OF COLORADO**

Add at the end the following:

1     **TITLE VI—TAX TREATMENT OF**  
2                     **VIRTUAL CURRENCY**

3     **SECTION 601. VIRTUAL CURRENCY.**

4             (a) IN GENERAL.—Part III of subchapter B of chap-  
5     ter 1 is amended by inserting after section 139G the fol-  
6     lowing new section:

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

9             “(a) IN GENERAL.—Gross income shall not include  
10     gain from the sale or exchange of virtual currency for  
11     other than cash or cash equivalents.

12             “(b) LIMITATION.—

13                     “(1) IN GENERAL.—The amount of gain ex-  
14     cluded from gross income under subsection (a) with  
15     respect to a sale or exchange shall not exceed \$600.

16                     “(2) AGGREGATION RULE.—For purposes of  
17     this subsection, all sales or exchanges which are part  
18     of the same transaction (or a series of related trans-  
19     actions) shall be treated as one sale or exchange.

1           “(c) VIRTUAL CURRENCY.—For purposes of this sec-  
2 tion, the term ‘virtual currency’ means a digital represen-  
3 tation of value that is used as a medium of exchange and  
4 is not otherwise currency under section 988.

5           “(d) INFLATION ADJUSTMENT.—In the case of any  
6 taxable year beginning in a calendar year after 2018, the  
7 dollar amount in subsection (b) shall be increased by an  
8 amount equal to—

9                   “(1) such dollar amount, multiplied by

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

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

17           (b) CLERICAL AMENDMENT.—The table of sections  
18 for part III of subchapter B of chapter 1 is amended by  
19 inserting after the item relating to section 139G the fol-  
20 lowing new item:

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

21           (c) REPORTING OF GAINS OR LOSSES.—The Sec-  
22 retary shall issue regulations providing for information re-  
23 turns on virtual currency transactions for which gain or  
24 loss is recognized.

1           (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply with respect to transactions en-  
3 tered into after December 31, 2017.

