

Tax Insights | June 22, 2022
**Tracking Tax News,
You Need to Know**



Cryptocurrency Reporting Rule Faces Constitutional Challenge

A cryptocurrency reporting requirement passed last year by Congress' bipartisan infrastructure law is challenged in a [lawsuit](#) for alleged violation of the Fourth Amendment's protection against unreasonable searches. The complaint challenges the expansion of Section 6050I to cover bitcoin and other digital assets (Section references are to the Internal Revenue Code of 1986, as amended). Section 6050I requires businesses that receive more than \$10,000 in cash in a transaction or series of related transactions to disclose various information to the IRS, including identifying details of the client. The plaintiffs argued that the disclosure rules violate the Constitution's privacy rights for crypto users, as the disclosure requirements amount to a warrantless search.

U.S. Supreme Court Declines To Consider Washington State's Bank Tax Case

The U.S. Supreme Court [declined](#) to consider a case filed by banking groups challenging the Washington State tax increase on large financial institutions. The American Bankers Association asked the Supreme Court to overturn a Washington Supreme Court ruling for the state's tax on gross receipts of certain financial institutions with more than \$1 billion annual income, arguing that the tax discriminated against out-of-state banks. The Washington Supreme Court had held for the state, affirming the state's authority to consider a taxpayer's nationwide or worldwide income in structuring its tax system.

New York to Finalize State Corporate Tax Reform

New York corporations have to submit comments on changes to the state's 2015 corporate tax reform regulations by the end of June. The New York Department of Taxation and Finance issued final [draft regulations](#) that will overhaul the state's business corporation franchise tax system. It will include changes on net operating losses, capital losses and a metropolitan transportation business tax surcharge.



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