

Tax Insights | April 6, 2022  
**Tracking Tax News,  
You Need to Know**



### **IRS Issues Fact Sheet on Crowdfunding and Taxes**

On March 21, the IRS released [Fact Sheet 2022-20](#) on the tax implications of crowdfunding. The document defines crowdfunding, addresses whether the money raised is taxable and describes reporting requirements. The Fact Sheet explains that a person organizing a crowdfunding campaign may not have to include the money raised by the campaign in their gross income if all the money raised is distributed to the campaign's beneficiary or beneficiaries – i.e., the person or people for whom the campaign was organized. Also, if contributors make crowdfunding contributions with “detached and disinterested generosity,” then the campaign's beneficiaries can exclude, as gifts, the crowd-sourced amounts from gross income. Either the crowdfunding website or its payment processor may be required to report money raised through a crowdfunding campaign on Form 1099-K, Payment Card and Third-Party Network Transactions. The amount raised must be reported if it exceeds the reporting threshold. Before 2021, the reporting threshold for Form 1099-K was \$20,000 or more raised and more than 200 donations. The American Rescue Plan changed the reporting threshold to \$600 beginning Jan. 1, 2022.

### **Treasury Seeks New Reporting Rules for Foreign Digital Assets**

The Treasury Department proposed enhanced reporting rules for digital assets in the so-called [Green Book](#), an explanation of revenue estimates that were included in the federal budget for the fiscal year 2023. Under the proposal, Section 6038D(b) would be amended to require that stakes in certain foreign financial accounts that hold cryptocurrencies and other digital assets be disclosed to the IRS. (Section references are to the Internal Revenue Code of 1986, as amended.) The reporting requirement would apply to U.S. taxpayers who have over \$50,000 in cryptocurrency, financial accounts and other assets abroad. Another proposal in the Green Book would increase reporting by financial institutions and brokers in order to facilitate automatic information exchanges between the U.S. and other governments. Some institutions, such as U.S. digital asset exchanges, would be required to report balances for all accounts stored at U.S. offices and held by foreign individuals to the IRS.

### **The White House Releases 2023 Budget Proposal That Includes Billionaire Tax**

The White House released its [2023 budget proposal](#), which includes a new tax on billionaires, targeting the wealthiest 700 U.S. taxpayers. U.S. taxpayers with assets of over \$100 million will have to pay the tax at a rate of 20% or higher on their full income, including unrealized appreciation. In addition, the budget proposes to raise the corporate tax rate from 21% to 28%, among others.

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### JCT Releases Document on Federal Tax Treatment of Charitable Contributions

The Joint Committee on Taxation has released a document ([JCX-2-22](#)) titled “Present Law and Background Relating to the Federal Tax Treatment of Charitable Contributions.” Part 1 of the document discusses present law and background, including the history of the charitable contribution deduction, the income tax deduction for charitable contributions, estate and gift tax deductions for charitable contributions and the exclusion from gross income for qualified charitable distributions from individual retirement arrangements. Part 2 of the document discusses economic and compliance issues related to the charitable contribution deduction and charitable giving and includes the following: the economic rationales for tax deduction for charitable giving; economic effects of tax deductions for charitable contributions; tax expenditure estimates of the charitable contributions deduction; tax compliance and the valuation of charitable contributions and data on levels of charitable contributions and charitable contribution deductions.



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