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House Passes \$1+Trillion Infrastructure Investment and Jobs Act

The U.S. House of Representatives passed the [\\$1+ trillion Infrastructure Investment and Jobs Act, H.R. 3684](#). Key provisions of the Act include information reporting for digital assets like cryptocurrency.

- **Information Reporting for Brokers and Digital Assets.** Section 6045(a) requires brokers to make a return showing the name and address of each of its customers with such details regarding gross proceeds and such other information as the IRS may, by forms or regs, require with respect to such business. (Section references are to the Internal Revenue Code of 1986, as amended.) With respect to certain covered securities (in general, a specified security acquired on or after the applicable date), the return must include the customer's adjusted basis in the covered security and whether any gain or loss with respect to the covered security is long-term or short-term. The Act provides that the definition of broker includes "any person who (for consideration) is responsible for regularly providing any service effectuating transfers of digital assets on behalf of another person." The Act provides that a digital asset is a specified security. As a result, a digital asset acquired on or after Jan. 1, 2023, is a covered security and brokers will have to report a customer's basis and gain/loss when the customer sells or exchanges the digital asset.

The Act defines a digital asset as, except as otherwise provided by the IRS, "any digital representation of value which is recorded on a cryptographically secured distributed ledger or any similar technology as specified by the [IRS]."

- **Reporting Broker-to-Broker Transfers of Digital Assets.** Section 6045A(a) requires a broker (referred to as the applicable person and defined under Section 6045(c)(1)) that transfers to another broker a covered security in the hands of the applicable person to furnish to the other broker a written statement (transferee statement) in the manner that, and including the information that, IRS may prescribe by regs to enable the broker to meet the basis and holding period reporting requirements of Section 6045(g). Thus, the furnished statement must allow the transferee broker to satisfy the basis and holding period reporting requirements of Section 6045(g).

Any broker, with respect to any transfer (which is not part of a sale or exchange executed by that broker) during a calendar year of a covered security which is a digital asset from an account maintained by the broker to an account that is not maintained by, or an address not associated with, a person that the broker knows or has reason to know is also a broker, is required to make a return for the calendar year, in a form as determined by the IRS, showing the information otherwise required to be furnished with respect to transfers subject to Section 6045A(a).

- **Digital Asset Treated as Cash for \$10,000 Reporting Purposes.** Under Section 6050I(a) a person engaged in a trade or business who, in the course of that trade or business, receives more than \$10,000 in cash (in one or more related transactions), must file an information return with the IRS and furnish the payor with a statement.

IRS Rules on Extended Assessment Period for Subpart F Income Omissions

The IRS issued [Chief Counsel Advice 202142009](#) in which it states that Section 6501(e)(1)(C)'s extended six-year assessment period for subpart F income omissions applies to the entire tax liability for that tax year, not just to the specific subpart F items constituting the gross income omission. The IRS also addressed the intersection of assessment extensions and the period for filing refund or credit claims.

IRS Provides Guidance on Reporting Carried Interests

The IRS has posted [frequently asked questions \(FAQs\)](#) that provide detailed guidance for partnerships and partners reporting partnership interests held in connection with the performance of services or "carried interests."

Connecticut Offers Tax Amnesty Program

The Connecticut tax amnesty program began Nov. 1 and will run through Jan. 31, 2022. (See [here](#) and [here](#) for more information.) The program offers individuals and businesses the opportunity to pay back taxes at a reduced interest rate



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with no penalties and to avoid criminal prosecution. All taxes administered by the Connecticut Department of Revenue Services, except for Connecticut motor carrier road tax (IFTA), are eligible for tax amnesty. The program applies to any taxable period ending on or before Dec. 30, 2020. Business taxpayers who file monthly or quarterly may apply for amnesty up through the period ending Dec. 31, 2020.