

The Bitcoin De Minimis Tax Exemption

Every time an American uses bitcoin to buy a cup of coffee, they owe the IRS a report. Under current law, bitcoin is classified as property, which means every transaction — no matter how small — triggers a capital gains calculation and a reporting obligation. A \$4 latte purchased with bitcoin that appreciated by six cents requires the same tax treatment as a six-figure asset sale. This is an absurd result, and it has stifled bitcoin’s use as a medium of exchange in the United States for years.

Congress recognized exactly this problem decades ago when it created a de minimis exemption for foreign currency transactions. Personal-use foreign currency gains under \$200 are excluded from tax, a commonsense acknowledgment that the IRS should not be tracking pennies on a vacation purchase. Bitcoin users deserve the same treatment. Earlier Congresses introduced de minimis bills in 2020 and 2022, but none advanced. **The 119th Congress represents the best opportunity in a decade to finally get this done.**

Early Momentum in the 119th Congress

In mid-2025, Senator Cynthia Lummis (R-WY) attempted to include a \$300 de minimis provision in the reconciliation package known as the “One Big Beautiful Bill.” The provision failed to secure enough support, and the bill was signed into law on July 4 without any crypto tax provisions. Hours later, Lummis filed a standalone bill proposing a **\$300 per-transaction threshold** with a **\$5,000 annual cap** that also addresses miner and staker double taxation, wash sale rules, and other longstanding issues. The Joint Committee on Taxation **scored the bill as revenue-positive**, generating roughly **\$600 million over ten years**.

The White House has been supportive. On July 17, 2025, Press Secretary Karoline Leavitt confirmed that the administration backs de minimis relief for crypto. And at a February 5, 2026 Senate hearing, Treasury Secretary Bessent offered to have his Office of Tax Policy work directly with Senator Lummis’s team on guidance.

The Unexpected Stablecoin Pivot

In late 2025, BPI began hearing that the direction on the Hill was shifting. Following passage of the GENIUS Act, a new consensus was forming among key offices that de minimis relief should be **narrowed to cover only stablecoins**, a significant departure from every prior proposal. A bipartisan discussion draft from Representatives Max Miller (R-OH) and Steven Horsford (D-NV) was released weeks later, with a de minimis provision **limited to payment stablecoins and excluding bitcoin entirely**.

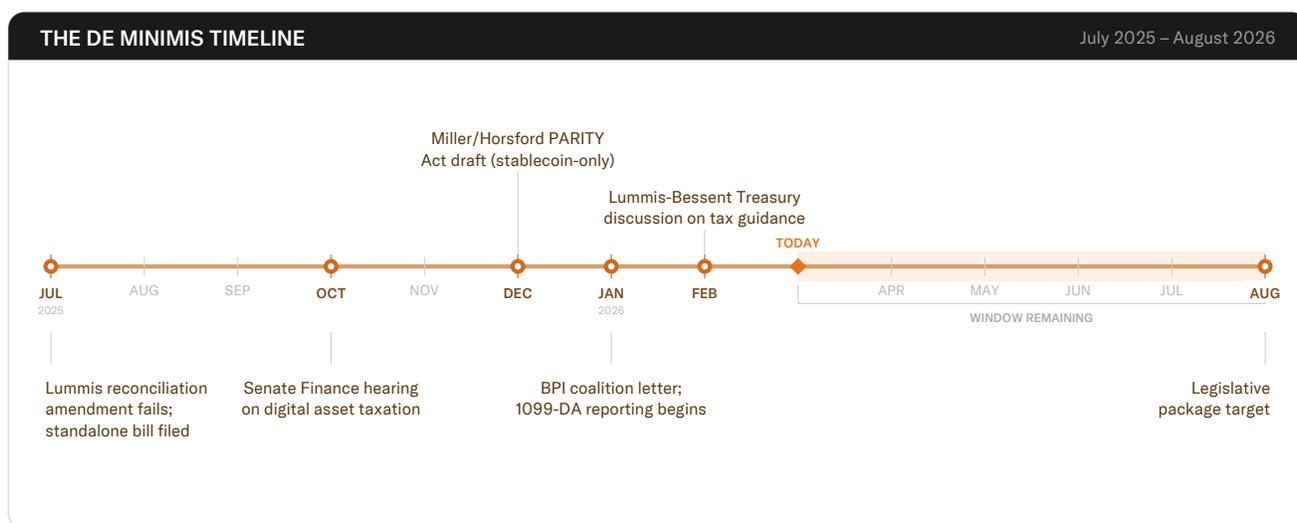
	Lummis standalone bill	Miller / Horsford discussion draft
Assets covered	Bitcoin and other digital assets used to buy goods or services in a personal transaction	Regulated payment stablecoins only
Basic test	Broad personal-use digital asset de minimis rule	Narrow stablecoin-specific de minimis rule
Per-txn threshold	\$300 transaction-value ceiling; no exclusion if loss exceeds \$300	Intended \$200 threshold, but operative drafting does not yet cleanly implement it
Mining / staking	Yes — explicitly addresses mining and staking timing	Not clearly resolved — bracketed / still under review

BPI's Response

As soon as this new stablecoin-only approach became clear, BPI led a [coalition letter](#) to Chairman Smith and Chairman Crapo expressing concerns with the new direction and explaining that limiting the exemption to stablecoins would offer relief where it is least needed while ignoring the users for whom the current rules are most punitive.

BPI suggested that future proposals consider a value-based transaction threshold, rather than a gain-based one, that would extend to bitcoin and other network tokens. It also highlighted the urgency created by the IRS's new 1099-DA reporting regime, which began requiring cost basis tracking in January 2026.

Beyond the letter, BPI launched a sustained Hill engagement campaign. Over the past three months, **BPI has met with 19 congressional offices** – House and Senate, Republican and Democrat, committee staff and personal staff – to carefully explain the stakes and make the case for getting this right. The response has been encouraging: there is **bipartisan understanding that the stablecoin-only approach is insufficient**, and serious interest in a broader framework.



What's Ahead

The House Ways and Means Committee held a hearing on digital asset tax policy on July 16, 2025, and is expected to release legislative text soon. The Senate Finance Committee held its own hearing in October 2025 and has been working toward a comprehensive package. Senator Lummis continues to push for Committee movement, and Senator Daines has pointed to an August 2026 target for legislation. In the House, Representative Miller has described the PARITY Act as a work in progress and has signaled openness to revision.

The window is narrowing. Congress will be increasingly consumed by midterm dynamics as summer approaches, and the bandwidth for complex tax legislation shrinks with every passing week. Senator Lummis – the issue's most forceful champion – **departs the Senate in January 2027**. If a package does not come together in the next few months, the opportunity may not return for years.

BPI will continue educating members of Congress and the administration about bitcoin's importance to America's economic future and the role that sensible tax policy plays in unlocking it. This issue is too consequential, and the window too narrow, to leave to chance.

The Bitcoin Policy Institute (BPI) is a non-profit, non-partisan think tank advancing sound Bitcoin policy through research, education, and direct engagement with policymakers. Support our mission at btcpolicy.org/donate.