INTERNAL REVENUE
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IRS

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HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

ADMINISTRATIVE

Notice 2026-4, page 726.

This notice request comments on whether the requirements that brokers currently must meet to furnish certain payee statements to their customers in an electronic format and thereafter be treated as timely furnishing these statements should be modified and, if so, what those modifications should be. This notice also requests comments on whether the Treasury Department and the IRS should modify the electronic furnishing requirements applicable to any persons other than brokers required to furnish other payee statements.

REG-105064-25, page 735.

These proposed regulations would enable brokers to furnish payee statements to their customers reflecting information reported to the IRS on Form 1099-DA, Digital Asset Proceeds From Broker Transactions (1099-DA statements) in an electronic format in lieu of on paper pursuant to an optional process for obtaining the customer's consent. Under this process, brokers would not be required to offer customers the choice of receiving the 1099-DA statements on paper (or the ability to withdraw previously provided consents for electronic furnishing) but instead could terminate their relationship with customers that do not provide this consent. The proposed rules would, however, require brokers to meet certain enhanced electronic notice and delivery requirements and to provide customer access to the statements.

REG-117002-25, page 761.

The proposed regulations are to implement section 6434 of the Internal Revenue Code, enacted by Congress in Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act of 2025. Section 6434 authorizes the Secretary of the Treasury to make a one-time $1,000 pilot program contribution to the Trump account of an eligible child for whom a pilot program election is made. The proposed regulations provide guidance on the effects of making an election under section 6434 and the rules for the time and manner for making such election.

EMPLOYEE PLANS

REG-117270-25, page 772.

The proposed regulations provide general requirements for a Trump account under section 530A and rules for making an election to open an initial Trump account and also reserve additional sections for further guidance on Trump accounts.

INCOME TAX

REG-108921-25, page 756.

This document proposes to remove regulations identifying certain partnership related-party basis adjustment transactions and substantially similar transactions as transactions of interest, a type of reportable transaction.

Rev. Proc. 2026-15, page 729.

This revenue procedure provides: (1) two tables of limitations on depreciation deductions for owners of passenger automobiles placed in service by the taxpayer during calendar year 2026; and (2) a table of dollar amounts that must be used to determine income inclusions by lessees of passenger automobiles with a lease term beginning in calendar year 2026. The tables detailing these depreciation limitations and amounts used to determine lessee income inclusions reflect the automobile price inflation adjustments required by section 280F(d)(7). For purposes of this revenue procedure, the term "passenger automobiles" includes trucks and vans.

Rev. Proc. 2026-16, page 733.

Generally, U.S. citizens or resident aliens living and working abroad are taxed on their worldwide income. However, if their tax home is in a foreign country and they meet either the bona fide residence test or the physical presence test, they can choose to exclude from their income a limited amount of their foreign earned income (up to $130,000 for 2025). Both the bona fide residence test and the physical presence test contain minimum time requirements. Revenue Procedure 2026-16 provides a waiver under section

Finding Lists begin on page ii.

911(d)(4) for the time requirements for individuals electing to exclude their foreign earned income who must leave a foreign country because of war, civil unrest, or similar adverse conditions in that country. Rev. Proc. 2026-16 adds Haiti, Ukraine, Democratic Republic of the Congo, South Sudan, Iraq, Lebanon, and Mali to the list of waiver countries for tax year 2025 for which the minimum time requirements are waived.

The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.
This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.
This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.
To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.
This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

Part III

Request for Comments on Electronic Furnishing of Certain Payee Statements

Notice 2026-4

SECTION 1. PURPOSE

The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) request comments on whether the requirements that brokers currently must meet to furnish certain payee statements to their customers in an electronic format and thereafter be treated as timely furnishing these statements should be modified and, if so, what those modifications should be.

This notice also requests comments on whether the Treasury Department and the IRS should modify the electronic furnishing requirements applicable to any persons other than brokers required to furnish other payee statements.

SECTION 2. BACKGROUND

.01 In General.

Information reporting requirements under the Internal Revenue Code (Code) and regulations thereunder[1] generally require third parties with information about transactions affecting the taxable income of persons subject to U.S. tax to file information returns with the IRS to report those transactions along with certain identifying information about such persons, including a taxpayer identification number (TIN). These information reporting requirements also require such third parties to furnish written statements (payee statements) to each person (payee) about whom an information return was filed showing the information that was reported to the IRS.

These information reporting requirements are important to voluntary tax compliance and effective tax administration. The information returns give taxpayers a record that can be used to help accurately calculate and report the taxpayers' taxable transactions and deductions. The information returns also allow the IRS to compare the information reported to the IRS with tax returns filed by taxpayers whose identifying number is shown on the information returns and enable the IRS to focus its resources on taxpayers who are more likely to have underreported their income.

To enforce the timely compliance with these information reporting requirements, sections 6721 and 6722, respectively, impose penalties on these third parties for the failure to file timely correct information returns and the failure to furnish timely correct payee statements. Section 6724(d)(1) defines an information return for this purpose by cross-referencing various other sections of the Code that require the filing of information returns. Similarly, section 6724(d)(2) defines a payee statement by cross-referencing various other sections of the Code that require the furnishing of payee statements.

Section 401 of the Job Creation and Worker Assistance Act of 2002 (JCWAA), Public Law 107-147, 116 Stat. 21 (March 9, 2002), permits the electronic furnishing of any payee statement required to be furnished under subpart B of part III of subchapter A of chapter 61 of the Code (that is, sections 6041 through 6050AA), if the payee consents to receive the statement in a manner similar to the one permitted by regulations under section 6051 or in such other manner as provided by the Secretary of the Treasury or the Secretary's delegate (Secretary). Consequently, payee statements of this kind may be provided electronically only if the payee provides consent in the manner provided by the section 6051 regulations or as otherwise provided by the Secretary.

The Electronic Signatures in Global and National Commerce Act (E-SIGN Act), Public Law 106-229, 114 Stat. 464 (June 30, 2000), generally requires consumer consent and a demonstration that the consumer can receive materials electronically before a person legally required to provide written disclosures can deliver such disclosures to that consumer electronically. Because payee statements required under Code provisions are legally required written disclosures, payee statements under Code provisions other than sections 6041 through 6050AA may be provided electronically only if the payee provides consent in the manner provided by the E-SIGN Act.

.02 Section 6051 Rules Permitting Electronic Furnishing of Payee Statements

Prior to the enactment of the JCWAA, the Treasury Department and the IRS issued proposed and temporary regulations under section 6051. *See* TD 8942, 66 FR 10191 and REG-107186-00, 66 FR 10247 (February 14, 2001). The temporary and proposed regulations mirrored each other and generally required employers to comply with specific notice and consent requirements before they could electronically furnish payee statements to employee-recipients on Forms W-2, *Wage and Tax Statement*. In 2004, the Treasury Department and the IRS published final regulations that generally retained the same notice and consent requirements. *See* TD 9114, 69 FR 7567 (February 18, 2004). Under § 31.6051-1(j)(1), an employer furnishing payee statements in an electronic format to employee-recipients is treated as timely furnishing payee statements required by section 6051 if the employer complies with requirements for consent, disclosures, format, notice, access period, and consent withdrawal set forth in the regulations.

(1) *Consent*. The section 6051 regulations provide that a recipient must have affirmatively consented to receive the payee statement electronically and must not have withdrawn that consent before the statement is furnished. Under § 31.6051-1(j)(2)(i), the consent itself or, alternatively, the recipient's confirmation of that consent, must be made electronically in a manner that reasonably demonstrates that the recipient can access the statement in the electronic format in which it will be furnished to the recipient. Under § 31.6051-1(j)(2)(iii), a furnisher must

[1] Unless otherwise specified, all "section" or "§" references are to sections of the Code, the Income Tax Regulations (26 CFR part 1), or to the Employment Taxes and Collection of Income Tax at Source Regulations (26 CFR part 31).

take certain actions, including obtaining from the recipient a new electronic consent or confirmation of consent to receive the statement electronically, if a change in the hardware or software needed to access a statement creates a material risk that the recipient will not be able to access the statement.

(2) *Required disclosures*. Under § 31.6051-1(j)(3), prior to or at the time the recipient consents to receive a statement electronically, the furnisher must provide a clear and conspicuous statement to the recipient containing certain disclosures, including about the scope and duration of consent, how to withdraw consent, and a description of the hardware and software required to access, print, and retain the Form W-2.

(3) *Format*. Section 31.6051-1(j)(4) requires that the electronic version of a statement furnished to a recipient contain all required information and comply with applicable revenue procedures relating to substitute statements. The revenue procedure relating to substitute statements is generally updated annually and is also reproduced as IRS Publication 1179, *General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns*. *See* Rev. Proc. 2025-22, 2025-30 I.R.B. 200, and Publication 1179 published July 21, 2025.

(4) *Notice*. Under § 31.6051-1(j)(5)(i), if the statement is furnished on a website, the furnisher must notify the recipient that the statement is posted on the website. This notice may be delivered by mail, private delivery service, electronic mail, or in person and must provide instructions to the recipient on how to access and print the statement. Under § 31.6051-1(j)(5)(ii), if an electronic notice is returned as undeliverable, and the correct electronic address cannot be obtained, then the furnisher must furnish the notice by mail, private delivery service, or in person within 30 days after the electronic notice is returned. Under § 31.6051-1(j)(5)(iii), if a furnisher corrects a recipient's statement, the furnisher must furnish the corrected statement electronically. If a furnisher later posts corrected statements on the website, the furnisher must notify the recipients of that posting within 30 days after the posting.

(5) *Access period*. The section 6051 regulations generally require the furnisher to maintain access to the statements on the website through October 15 of the year following the calendar year to which the statements relate. In addition, under § 31.6051-1(j)(6), the furnisher generally must maintain access to corrected statements that are posted on the website through October 15 of the year following the calendar year to which the statements relate or for 90 days after that posting, whichever is later.

(6) *Consent withdrawal*. Section 31.6051-1(j)(2)(ii) provides the consent requirement is not satisfied if the recipient withdraws the consent and the withdrawal takes effect before the statement is furnished. Under § 31.6051-1(j)(7), if a recipient withdraws consent to receive a statement electronically and the withdrawal takes effect before the statement is furnished electronically, a paper statement must be furnished.

.03 Rules Permitting Electronic Furnishing for Other Payee Statements

Section 4.6 of Publication 1179 provides instructions for electronic delivery of certain recipient statements. Under these procedures, if a person is required to furnish a written statement (Copy B or an acceptable substitute) to a recipient, the furnisher may furnish the statement electronically instead of on paper if the furnisher complies with the provisions in Sections 4.6.2 and 4.6.3 of Publication 1179, which generally implement the requirements of § 31.6051-1(j) and applies those requirements to additional payee statements.

.04 Rules Permitting Composite Payee Statements

A composite payee statement is one in which two or more required payee statements (for example, payee statements associated with information reported to the IRS on Forms 1099-INT, *Interest Income*, and 1099-DIV, *Dividends and Distributions*) are furnished to the recipient on one document.

Section 1.6045-1(k)(3)(i) permits brokers to include information reported to the IRS on Form 1099-B, *Proceeds from Broker and Barter Exchange Transactions*, on a payee statement that is combined with additional payee statements reflecting information reported to the IRS on certain other forms (Form 1099-B composite statement) as long as the additional payee statements are all based on the same relationship of broker to customer as the statement reflecting the information reported on Form 1099-B. Section 4.2 of Publication 1179 provides that a Form 1099-B composite statement is permitted for reportable payments consisting of the proceeds of brokerage and barter transactions, dividends, interest, original issue discount, patronage dividends, and royalties. Section 4.2.1 of Publication 1179 lists the following forms as permitted to be included on a Form 1099-B composite statement, when one broker is reporting more than one of these payments during a calendar year to the same payee statement recipient:

- Form 1099-B
- Form 1099-DA
- Form 1099-DIV (except for section 404(k) dividends)
- Form 1099-INT (except for interest reportable under section 6041)
- Form 1099-MISC, *Miscellaneous Information* (only for royalties or substitute payments in lieu of dividends and interest)
- Form 1099-OID, *Original Issue Discount*
- Form 1099-PATR, *Taxable Distributions Received From Cooperatives*
- Form 1099-S, *Proceeds from Real Estate Transactions* (only for royalties)

A broker may not include any other payee statements reflecting information reported to the IRS on other Forms 1099 on a Form 1099-B composite statement.

.05 Proposed Rules Permitting Electronic Furnishing of 1099-DA Statements

Section 6045 and the regulations thereunder generally require brokers to file information returns with respect to sales of digital assets and certain other transactions effected by the broker on behalf of each customer. The information is required to be filed with the IRS on Form 1099-DA, *Digital Asset Proceeds From Broker Transactions*. Because transactions involving digital assets are primarily conducted electronically and digital asset customers therefore are accustomed, and may expect, to communicate with their brokers solely in electronic form, the Treasury Department and the IRS rec-

ognize that furnishing payee statements relating to digital asset transactions in paper form could impose potentially significant compliance burdens on brokers without providing corresponding benefits to customers.

To that end, the Treasury Department and the IRS are publishing proposed regulations in the Federal Register 91 FR 10983 that would provide brokers required to furnish payee statements to their customers reflecting information reported to the IRS on Form 1099-DA (1099-DA statements) with an optional alternative process for obtaining consent from these customers to receive these statements in an electronic format in lieu of on paper. These proposed rules differ from the current rules under section 6051 to take into account that the relationship between the broker and the customer may be entirely in electronic form, and to enhance the likelihood that the customer is aware of and accesses the 1099-DA statement.

SECTION 3. REQUEST FOR COMMENTS

.01 Electronic Furnishing of Statements Includable on Form 1099-B Composite Statements

The Treasury Department and the IRS have received comments asserting that the current rules requiring payee statements to be furnished on paper if the statement recipient does not affirmatively consent (or withdraws a previously provided consent) to receiving the statement electronically are impractical and impose undue burdens on furnishers. The Treasury Department and the IRS are aware that in addition to furnishers experiencing these burdens, recipients have become increasingly able to access electronically furnished payee statements. Compared to the early 2000s, most U.S. adults today say they use the internet (95%), have a smartphone (90%), or subscribe to high-speed internet at home (80%).[2] Accordingly, it is likely that many customers would be fully capable of accessing electronically furnished payee statements. At the same time, there may be customers whose facility with using a smartphone or computer is limited and who prefer to receive important documents in paper form.

The Treasury Department and the IRS are considering modifying current guidance setting forth the requirements that must be met before brokers can electronically furnish 1099-B statements and other payee statements that can be included on Form 1099-B composite statements. Accordingly, this notice requests comments on how the rules permitting brokers to electronically furnish payee statements that can be included on a Form 1099-B composite statement can be modified to reduce burden while ensuring all recipients are able to access the payee statements.

In particular, the Treasury Department and the IRS invite comments on how customers who do not communicate with their brokers solely through electronic means would be able to access these electronically furnished payee statements. In addition, comments are requested on the extent to which the customer population that receives payee statements includable on Form 1099-B composite statements is different from the customer population that will receive 1099-DA statements, and whether those differences should affect the consent rules applicable to electronic furnishing. For example, a customer that transacts electronically, or whose advisor transacts electronically, may still prefer to receive 1099-B statements or other broker payee statements in paper form or may find it difficult to access payee statements provided in electronic form, potentially including elderly customers or persons with disabilities. Comments should address how modifications to the current rules would maintain adequate procedures to ensure that customers actually receive these important communications in a manner that they can use.

Currently, Form 1099-MISC payee statements reporting rewards such as those received by customers as a result of staking digital assets that use a proof-of-stake validation model cannot be included in 1099-B composite statements because they are not included in Section 4.2.1 of Publication 1179. The Treasury Department and the IRS are aware some customers will receive these Form 1099-MISC payee statements for staking rewards as well as 1099-B composite statements from the same broker. Accordingly, the Treasury Department and the IRS also request comments on whether the list of forms permitted to be included on 1099-B composite statements should be updated to include Form 1099-MISC for staking rewards.

.02 Electronic Furnishing of Other Statements

The Treasury Department and the IRS have also received requests to expand the ability of other parties responsible for filing information returns (for example, payers and withholding agents) to electronically furnish payee statements and similar documents not permitted under current guidance to be furnished electronically to recipients.[3]

The Treasury Department and the IRS invite comments discussing whether (and how) the rules governing the electronic furnishing of any other payee statements required under sections 6041 through 6050AA should be revised. This notice requests comments on the nature of the recipient base for such payee statements, how filers currently communicate with those recipients and provide any other required disclosures, whether directly or through third-party service providers, and the extent to which such payee statements are currently provided in paper versus electronic form. The Treasury Department and the IRS also request comments on the extent to which recipients of such payee statements have demonstrated either comfort with electronic payee statements or a preference for payee statements in paper form, and any issues filers have experienced when furnishing these statements in either format that would be alleviated or exacerbated if the other format were used. Similarly, the Treasury Department and the IRS also request comments from taxpayers who receive these payee state-

[2] *See* Pew Research Center, *Americans' Use of Mobile Technology and Home Broadband*, https://www.pewresearch.org/internet/2024/01/31/americans-use-of-mobile-technology-and-home-broadband/ (accessed March 4, 2026).

[3] *See e.g.*, Information Reporting Program Advisory Committee Comments on Notice 2014-18 on Items for 2014-15 Priority Guidance Plan, Comment ID IRS-2014-0011-0028, available at: https://www.regulations.gov.

ments on any issues they have encountered receiving these payee statements in either paper or electronic form. Comments are also requested on how to ensure that recipients have validly consented to receipt of payee statements in electronic form. Finally, comments are requested on how best to mitigate burdens on filers of those payee statements and the benefits to filers of more readily obtaining and maintaining consent to provide payee statements in electronic form.

This notice also requests comments on the electronic furnishing of payee statements required by other sections of the Code. In addition to the comments requested in the previous paragraph, the Treasury Department and the IRS specifically request comments addressing how any recommended changes to the electronic furnishing rules for these other payee statements would be consistent with the E-SIGN Act.

Finally, the Treasury Department and the IRS invite comments on whether there are any circumstances under which it would be inappropriate to change the existing notice and consent requirements for electronic furnishing of payee statements.

SECTION 4. ADDRESSES TO SEND COMMENTS

Written comments should be submitted by May 23, 2026. Consideration will be given, however, to any written comment submitted after May 23, 2026, if such consideration will not delay the issuance of guidance. The subject line for the comments should include a reference to Notice 2026-4. Comments may be submitted in one of two ways:

(1) Electronically via the Federal eRulemaking Portal at https:// www.regulations.gov (type IRS-2026-0067) in the search field on the regulations.gov homepage to find this notice and submit comments).
(2) Send paper submissions to: Internal Revenue Service, CC:PA:01:PR (Notice 2026-4), Room 5503, P.O. Ben Franklin Station, Washington, DC 20044.

All commenters are strongly encouraged to submit comments electronically. The Treasury Department and the IRS will publish for public availability any comment submitted electronically, or on paper, to its public docket on https://www.regulations.gov.

SECTION 5. DRAFTING INFORMATION

The principal author of this notice is the Office of the Associate Chief Counsel (Procedure & Administration). For further information regarding this notice, please call (202) 317-3400 (not a toll-free number).

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26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.

(Also Part I, §§ 280F; 1.280F-7.)

Rev. Proc. 2026-15

SECTION 1. PURPOSE

This revenue procedure provides: (1) two tables of limitations on depreciation deductions for owners of passenger automobiles placed in service by the taxpayer during calendar year 2026; and (2) a table of dollar amounts that must be used to determine income inclusions by lessees of passenger automobiles with a lease term beginning in calendar year 2026. These tables reflect the automobile price inflation adjustments required by § 280F(d)(7) of the Internal Revenue Code (Code).[1] For purposes of this revenue procedure, the term "passenger automobiles" includes trucks and vans.

SECTION 2. BACKGROUND

.01 For owners of passenger automobiles, § 280F(a) imposes dollar limitations on the depreciation deduction for the year the taxpayer places the passenger automobile in service and for each succeeding year. For passenger automobiles placed in service after 2018, § 280F(d)(7) requires the Internal Revenue Service to increase the amounts allowable as depreciation deductions by a price inflation adjustment amount that is determined using the automobile component of the Chained Consumer Price Index for All Urban Consumers published by the Department of Labor (C-CPI-U).

.02 Section 168(k), as amended by Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA), applies to property acquired and placed in service after January 19, 2025.[2] Section 168(k)(1), as amended by the OBBBA, allows an additional first year depreciation deduction under § 167(a) equal to 100 percent of the property's adjusted basis for the taxable year in which qualified property, as defined in § 168(k)(2), is placed in service.

Section 168(k), as in effect prior to amendment by the OBBBA (former § 168(k)), applies to property acquired after September 27, 2017, and before January 20, 2025, which is placed in service before January 1, 2027. Former section 168(k)(1) provides that the § 168(k) additional first year depreciation deduction is equal to the applicable percentage of the property's adjusted basis. Pursuant to former § 168(k)(6)(A), the applicable percentage is 100 percent for qualified property placed in service after September 27, 2017, and before January 1, 2023, and is phased down 20 percent each year thereafter for property placed in service through December 31, 2026. Accordingly, the applicable percentage for qualified property acquired after September 27, 2017, and before January 20, 2025, and placed in service during calendar year 2026 is 20 percent.

For qualified property acquired and placed in service after September 27, 2017, § 168(k)(2)(F)(i) increases the first-year depreciation allowed under § 280F(a)(1)(A)(i) by $8,000.

.03 Tables 1 and 2 of this revenue procedure provide depreciation limitations for

[1] Unless otherwise specified, all "section" or "§" references are to sections of the Code or the Income Tax Regulations (26 CFR part 1).
[2] See section 70301(c) of the OBBBA. In determining whether property is acquired after January 19, 2025, for purposes of section 70301(c) of the OBBBA, the taxpayer applies rules consistent with §§ 1.168(k)-2(b)(5) and 1.1502-68(a) through (d). See section 3.03 of Notice 2026-11, 2026-6 I.R.B. 491.

passenger automobiles placed in service by the taxpayer during calendar year 2026. Table 1 provides depreciation limitations for passenger automobiles acquired by the taxpayer after September 27, 2017, and placed in service by the taxpayer during calendar year 2026, for which the § 168(k) additional first year depreciation deduction applies. The depreciation limitations in Table 1 apply regardless of whether the § 168(k) additional first year depreciation deduction is allowed under former § 168(k) or § 168(k) as amended by the OBBBA. Table 2 provides depreciation limitations for passenger automobiles placed in service by the taxpayer during calendar year 2026 for which no § 168(k) additional first year depreciation deduction applies. The § 168(k) additional first year depreciation deduction does not apply for 2026 if the taxpayer: (1) did not use the passenger automobile during 2026 more than 50 percent for business purposes; (2) elected out of the § 168(k) additional first year depreciation deduction pursuant to § 168(k)(7) for the class of property that includes passenger automobiles; (3) acquired a used passenger automobile and the acquisition of such property did not meet the acquisition requirements in § 168(k)(2)(E) and § 1.168(k)-2(b)(3)(iii) of the Income Tax Regulations;[3] or (4) acquired the passenger automobile before September 28, 2017.

.04 Section 280F(c)(2) requires a reduction to the amount allowable as a deduction to the lessee of a leased passenger automobile. Pursuant to § 280F(c)(3), the reduction must be substantially equivalent to the limitations on the depreciation deductions imposed on owners of passenger automobiles. Under § 1.280F-7(a), this reduction is accomplished by requiring the lessee to include in gross income an amount determined by applying a formula to a dollar amount obtained from a table.

.05 Table 3 of this revenue procedure provides the dollar amount used by lessees of passenger automobiles with a lease term beginning in 2026 to determine the income inclusion amount for those passenger automobiles. The table provides dollar amounts for a range of passenger automobile fair market values.

SECTION 3. SCOPE

.01 The limitations on depreciation deductions in Tables 1 and 2 in section 4.01(2) of this revenue procedure apply to passenger automobiles, other than leased passenger automobiles, that are placed in service by the taxpayer in calendar year 2026 and continue to apply for each taxable year that the passenger automobile remains in service.

.02 The dollar amounts in Table 3 of this revenue procedure apply to leased passenger automobiles with a lease term beginning in calendar year 2026 and continue to apply for each taxable year during the lease.

.03 For other recent calendar years, see Rev. Proc. 2021-31, 2021-34 I.R.B. 324, for passenger automobiles placed in service or leased during calendar year 2021; Rev. Proc. 2022-17, 2022-13 I.R.B. 930, for passenger automobiles placed in service or leased during calendar year 2022; Rev. Proc. 2023-14, 2023-6 I.R.B. 466, for passenger automobiles placed in service or leased during calendar year 2023; Rev. Proc. 2024-13, 2024-9 I.R.B. 678, for passenger automobiles placed in service or leased during calendar year 2024; and Rev. Proc. 2025-16, 2025-11 I.R.B. 1100, for passenger automobiles placed in service or leased during calendar year 2025.

SECTION 4. APPLICATION

.01 *Limitations on Depreciation Deductions for Certain Automobiles*.

(1) *Amount of the inflation adjustment*. Under § 280F(d)(7)(B)(i), the automobile price inflation adjustment for any calendar year is the percentage (if any) by which the C-CPI-U automobile component for October of the preceding calendar year exceeds the automobile component of the CPI (as defined in § 1(f)(4)) for October of 2017, multiplied by the amount determined under § 1(f)(3)(B). The amount determined under § 1(f)(3)(B) is the amount obtained by dividing the new vehicle component of the C-CPI-U for calendar year 2016 by the new vehicle component of the CPI for calendar year 2016, where the C-CPI-U and the CPI for calendar year 2016 means the average of such amounts as of the close of the 12-month period ending on August 31, 2016. Section 280F(d)(7)(B)(ii) defines the term "C-CPI-U automobile component" as the automobile component of the Chained Consumer Price Index for All Urban Consumers as described in § 1(f)(6). The product of the October 2017 CPI new vehicle component (144.868) and the amount determined under § 1(f)(3)(B) (0.694370319) is 100.592. The new vehicle component of the C-CPI-U released in December 2025 was 124.199 for October 2025. The October 2025 C-CPI-U new vehicle component exceeded the product of the October 2017 CPI new vehicle component and the amount determined under § 1(f)(3)(B) by 23.607 (124.199 - 100.592). The percentage by which the C-CPI-U new vehicle component for October 2025 exceeds the product of the new vehicle component of the CPI for October of 2017 and the amount determined under § 1(f)(3)(B) is 23.468 percent (23.607/100.592 x 100%), the automobile price inflation adjustment for 2026 for passenger automobiles. The dollar limitations in § 280F(a) are therefore multiplied by a factor of 0.23468, and the resulting increases, after rounding to the nearest $100, are added to the 2018 limitations to give the depreciation limitations applicable to passenger automobiles for calendar year 2026. This adjustment applies to all passenger automobiles that are placed in service in calendar year 2026.

(2) *Amount of the limitation*. Tables 1 and 2 of this revenue procedure contain the depreciation limitation for each taxable year for passenger automobiles a taxpayer placed in service during calendar year 2026. Use Table 1 for a passenger automobile to which the § 168(k) additional first year depreciation deduction applies that is acquired by the taxpayer after September 27, 2017, and placed in service by the taxpayer during calendar year 2026. The depreciation limitations in Table 1 apply regardless of whether the § 168(k) additional first year depreciation deduction is

[3] For a used passenger automobile acquired after January 19, 2025, the taxpayer applies rules consistent with the rules in § 1.168(k)-2(b)(3)(iii) to determine if the property meets the acquisition requirements in § 168(k)(2)(E). See section 3.02 of Notice 2026-11, 2026-6 I.R.B. 491.

allowed under former § 168(k) or § 168(k) as amended by the OBBBA. Use Table 2 for a passenger automobile placed in service by the taxpayer during calendar year 2026 for which no § 168(k) additional first year depreciation deduction applies.

REV. PROC. 2026-15 TABLE 1

DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES ACQUIRED AFTER SEPTEMBER 27, 2017, AND PLACED IN SERVICE DURING CALENDAR YEAR 2026, FOR WHICH THE § 168(k) ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION APPLIES

Tax Year	Amount
1st Tax Year	$ 20,300
2nd Tax Year	$ 19,800
3rd Tax Year	$ 11,900
Each Succeeding Year	$ 7,160

REV. PROC. 2026-15 TABLE 2

DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES PLACED IN SERVICE DURING CALENDAR YEAR 2026 FOR WHICH NO § 168(k) ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION APPLIES

Tax Year	Amount
1st Tax Year	$ 12,300
2nd Tax Year	$ 19,800
3rd Tax Year	$ 11,900
Each Succeeding Year	$ 7,160

.02 *Inclusions in Income of Lessees of Passenger Automobiles*.

A taxpayer must follow the procedures in § 1.280F-7(a) for determining the inclusion amounts for passenger automobiles with a lease term beginning in calendar year 2026. In applying these procedures, lessees of passenger automobiles should use Table 3 of this revenue procedure.

REV. PROC. 2026-15 TABLE 3

DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2026

Fair Market Value of Passenger Automobile Over	Fair Market Value of Passenger Automobile Not Over	1st Tax Year During Lease	2nd Tax Year During Lease	3rd Tax Year During Lease	4th Tax Year During Lease	5th Tax Year During Lease & Later
$62,000	$64,000	8	15	21	25	27
64,000	66,000	19	38	56	66	76
66,000	68,000	29	62	91	108	123
68,000	70,000	40	86	125	149	172
70,000	72,000	51	109	160	191	220
72,000	74,000	61	133	195	232	268
74,000	76,000	72	156	230	274	316
76,000	78,000	83	179	265	316	364
78,000	80,000	93	203	299	358	412
80,000	85,000	112	244	360	431	496
85,000	90,000	139	302	447	535	617
90,000	95,000	166	361	534	639	737
95,000	100,000	192	420	621	743	858
100,000	110,000	232	507	752	900	1,038
110,000	120,000	286	624	926	1,108	1,279
120,000	130,000	339	742	1,099	1,317	1,520
130,000	140,000	392	859	1,273	1,526	1,760
140,000	150,000	446	976	1,447	1,734	2,001
150,000	160,000	499	1,093	1,621	1,943	2,242
160,000	170,000	553	1,210	1,795	2,151	2,483
170,000	180,000	606	1,328	1,968	2,360	2,723
180,000	190,000	659	1,445	2,142	2,569	2,964
190,000	200,000	713	1,562	2,316	2,777	3,205
200,000	210,000	766	1,679	2,490	2,986	3,445
210,000	220,000	820	1,796	2,664	3,194	3,686
220,000	230,000	873	1,913	2,838	3,403	3,927
230,000	240,000	926	2,031	3,012	3,610	4,168
240,000	250,000	980	2,148	3,185	3,820	4,408
250,000	260,000	1,033	2,265	3,360	4,027	4,650
260,000	270,000	1,086	2,382	3,534	4,236	4,890
270,000	280,000	1,140	2,499	3,708	4,444	5,131
280,000	290,000	1,193	2,617	3,881	4,653	5,372
$290,000	$300,000	1,247	2,733	4,056	4,862	5,612
300,000	310,000	1,300	2,851	4,229	5,070	5,854
310,000	320,000	1,353	2,968	4,403	5,279	6,094
320,000	330,000	1,407	3,085	4,577	5,487	6,335
330,000	340,000	1,460	3,202	4,751	5,696	6,576
340,000	350,000	1,514	3,319	4,925	5,904	6,817

Fair Market Value of Passenger Automobile Over	Fair Market Value of Passenger Automobile Not Over	1st Tax Year During Lease	2nd Tax Year During Lease	3rd Tax Year During Lease	4th Tax Year During Lease	5th Tax Year During Lease & Later
350,000	360,000	1,567	3,437	5,098	6,113	7,057
360,000	370,000	1,620	3,554	5,273	6,321	7,298
370,000	380,000	1,674	3,671	5,446	6,530	7,539
380,000	390,000	1,727	3,788	5,621	6,738	7,779
390,000	400,000	1,781	3,905	5,794	6,947	8,020
400,000	410,000	1,834	4,022	5,969	7,155	8,261
410,000	420,000	1,887	4,140	6,142	7,364	8,501
420,000	430,000	1,941	4,257	6,316	7,572	8,742
430,000	440,000	1,994	4,374	6,490	7,781	8,983
440,000	450,000	2,047	4,491	6,664	7,990	9,223
450,000	460,000	2,101	4,608	6,838	8,198	9,464
460,000	470,000	2,154	4,726	7,011	8,407	9,705
470,000	480,000	2,208	4,843	7,185	8,615	9,946
480,000	490,000	2,261	4,960	7,359	8,824	10,186
490,000	500,000	2,314	5,077	7,533	9,033	10,427
500,000	and over	2,368	5,194	7,707	9,241	10,668

SECTION 5. EFFECTIVE DATE

This revenue procedure applies to passenger automobiles placed in service during calendar year 2026 or with a lease term beginning in calendar year 2026.

SECTION 6. DRAFTING INFORMATION

The principal authors of this notice are personnel from the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue procedure, please contact the Office of the Associate Chief Counsel (Income Tax and Accounting), Branch 7, at (202) 317-7005 (not a toll-free number).

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26 CFR 1.911-2: Qualified Individuals. (Also: Part I, § 911.)

Rev. Proc. 2026-16

SECTION 1. PURPOSE

This revenue procedure provides information to any individual who failed to meet the eligibility requirements of section 911(d)(1) of the Internal Revenue Code (Code) for 2025 because of adverse conditions in a foreign country.

SECTION 2. BACKGROUND

.01 Section 911 allows a "qualified individual," as defined in section 911(d)(1), to elect to exclude from gross income the foreign earned income and to exclude or deduct the housing cost amount of such individual.

.02 Section 911(d)(1) of the Code defines the term "qualified individual" as an individual whose tax home is in a foreign country and who is (A) a citizen of the United States and establishes to the satisfaction of the Secretary of the Treasury that the individual has been a *bona fide* resident of a foreign country or countries for an uninterrupted period that includes an entire taxable year, or (B) a citizen or resident of the United States who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days.

.03 In addition, section 911(d)(4) of the Code provides that an individual will be treated as a qualified individual with respect to a period in which the individual was a *bona fide* resident of, or was present in, a foreign country if the individual left the country during a period for which the Secretary of the Treasury, after consultation with the Secretary of State or their delegate, determines that individuals were required to leave because of war, civil unrest, or similar adverse conditions that precluded the normal conduct of business. An individual must establish that but for those conditions the individual could reasonably have been expected to meet the eligibility requirements.

.04 The Internal Revenue Service previously has listed countries for which the eligibility requirements of section 911(d)(1) of the Code are waived under section 911(d)(4) because of adverse conditions in those countries. See Rev. Proc. 2025-17, 2025-13 I.R.B. 1382.

SECTION 3. SCOPE

.01 For 2025, the Secretary of the Treasury, in consultation with the Secretary of State, has determined that war, civil unrest, or similar adverse conditions precluded the normal conduct of business in the following countries beginning on the specified date:

Country	*Date of Departure On or After*
Haiti	January 1, 2025
Ukraine	January 1, 2025
Democratic Republic of the Congo	January 28, 2025
South Sudan	March 7, 2025
Iraq	June 11, 2025
Lebanon	June 22, 2025
Mali	October 30, 2025

For example, for purposes of section 911 of the Code, an individual who left Haiti on or after January 1, 2025, will be treated as a qualified individual with respect to the period during which that individual was a *bona fide* resident of, or was present in, Haiti if the individual establishes a reasonable expectation that he or she would have met the requirements of section 911(d) but for those conditions.

.02 To qualify for relief under section 911(d)(4) of the Code, an individual must have established residency, or have been physically present, in the foreign country on or before the date that the Secretary of the Treasury determines that individuals were required to leave the foreign country. For example, individuals who first established residency or were physically present in Haiti after January 1, 2025, are not eligible to qualify for the exception provided in section 911(d)(4) of the Code for 2025.

SECTION 4. APPLICATION

A taxpayer who needs assistance on how to claim this exclusion, or on how to file an amended return, should consult the foreign earned income exclusion topic at https://www.irs.gov/individuals/international-taxpayers/foreign-earned-income-exclusion or contact a local IRS office.

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure, contact Ms. Hwa on (202) 317-5001 (not a toll-free call).

Part IV

Notice of Proposed Rulemaking

Electronic Furnishing of Payee Statements Regarding Digital Asset Sales by Brokers

REG-105064-25

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations that would provide digital asset brokers that are required to furnish to their customers written statements reflecting information provided to the IRS with respect to digital asset sale transactions with an alternative process for obtaining consent from their customers to receive these statements in an electronic format without offering a paper delivery alternative.

DATES: Written or electronic comments and requests for a public hearing must be received by May 5, 2026.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically. Submit electronic submissions via the Federal eRulemaking Portal at *https://www.regulations.gov* (indicate IRS and REG-105064-25) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the "Comments and Requests for a Public Hearing" section of this preamble. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish any comments submitted electronically or on paper to the public docket. *Send paper submissions to*: CC:PA:01:PR (REG-105064-25), Room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Roseann Cutrone of the Office of the Associate Chief Counsel (Procedure and Administration) at (202) 317-6844 (not a toll-free number); concerning submissions of comments and requests to participate in the public hearing, the Publications and Regulations Section at (202) 317-6901 (not a toll-free number) or by sending an email to *publichearings@irs.gov* (preferred).

SUPPLEMENTARY INFORMATION:

Authority

This document contains proposed regulations that would amend regulations under section 6045 of the Internal Revenue Code (Code). Section 6045(a) provides authority to the Secretary of the Treasury or the Secretary's delegate (Secretary) to require every person doing business as a broker to file an information return in accordance with such regulations as the Secretary may prescribe. Section 6045(a) further provides that such information return must show the name and address of each customer, and details regarding gross proceeds and such other information as the Secretary may by forms or regulations require with respect to such business. The Secretary is further authorized under section 401 of the Job Creation and Worker Assistance Act of 2002 (JCWAA), Public Law 107-147, 116 Stat. 21 (March 9, 2002) to provide the manner of consent for a recipient to receive electronic payee statements.[1] These proposed regulations are also issued under the express delegation of authority under section 7805 of the Code, which directs the Secretary to prescribe all needful rules and regulations for the enforcement of the Code.

Background

Under section 6045 and the regulations thereunder, brokers are required to make a return of information regarding certain digital asset sale transactions to the IRS and furnish payee statements to the person whose identifying number is (or is required to be) shown on Form 1099-DA, *Digital Asset Proceeds From Broker Transactions*.[2] The existing rules generally applicable to brokers furnishing payee statements require brokers to obtain consent from their customers before the brokers can satisfy their furnishing obligation with an electronically furnished payee statement. The existing rules also require brokers to furnish payee statements on paper to any customer that does not consent to receiving electronically furnished statements or that withdraws a previously provided consent. These proposed regulations would provide brokers with an alternative process for obtaining consent from their customers to receive 1099-DA statements in an electronic format. Unlike the existing rules, these proposed regulations would generally not require brokers to furnish the 1099-DA statements on paper to any customer that does not consent to receiving these statements electronically but, instead, would specifically permit brokers to terminate their business relationship with these customers. Additionally, these proposed regulations would not require brokers to give their customers the ability to withdraw a previously provided consent.

[1] General references in these proposed regulations to payee statements refer to written statements required to be furnished under any information reporting provision under subpart B of part III of subchapter A of chapter 61 of the Code. A person required to furnish such a payee statement generally is referred to as a furnisher. A person required to be furnished the payee statement generally is referred to as a recipient.

[2] A payee statement reflecting information required by section 6045 and the regulations thereunder to be reported on Form 1099-DA is referred to in this preamble as a 1099-DA statement. A payee statement reflecting information required by section 6045 and the regulations thereunder to be reported on Form 1099-B, *Gross Proceeds From Broker Transactions*, is referred to in this preamble as a 1099-B statement. A person required to furnish a 1099-B statement or a 1099-DA statement is referred to as a broker. A person required to be furnished a 1099-B statement or a 1099-DA statement is referred to herein as a customer.

I. *Information Reporting by Brokers Under Section 6045*

Section 6045 and the regulations thereunder generally require brokers to file information returns with the IRS with respect to certain transactions, including sales of digital assets, effected by the broker on behalf of each customer. Brokers required to make these returns must include identifying information of the customer, such as the customer's name and tax identification number (TIN), and such other relevant information, including the gross proceeds from the transaction, as the Secretary may require by forms or regulations. In certain circumstances, the returns must also include the customer's adjusted basis in the assets sold. Brokers must use either Form 1099-B or Form 1099-DA as appropriate to provide this information to the IRS.

Under section 6045(b) and §1.6045-1(k)(1), a broker (which, where applicable includes a barter exchange) making a return of information under section 6045 must furnish either a 1099-B statement or a 1099-DA statement to the broker's customer showing the information required to be reported to the IRS as well as a legend stating that the information is being reported to the IRS. Under §1.6045-1(k)(1), a payee statement is considered to be furnished to the broker's customer if it is mailed to the customer at the last address of the customer known to the broker. A separate 1099-B statement or 1099-DA statement must be furnished to the customer for each sale transaction effected for that customer during the calendar year. Brokers may furnish these payee statements to customers using Copy B of the official Form 1099 or an acceptable substitute statement if it contains the same information as the official IRS form. *See* section 4.1.2 of Rev. Proc. 2025-22, 2025-30 I.R.B. 200 (July 21, 2025), which is published as IRS Publication 1179, *General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns* (Publication 1179).

Section 6045(b) requires brokers to furnish payee statements to their customers on or before February 15 of the year following the calendar year for which the return was required to be made. In certain circumstances, filers reporting more than one type of payment during a calendar year with respect to the same customer may furnish a combined payee statement (called a consolidated reporting statement) to that customer that combines different types of payments on the same statement. Section 6045(b) and §1.6045-1(k)(3)(ii) extend the due date for furnishing statements that are furnished with the consolidated reporting statement from the due date set forth in the Code for such other payee statements (generally on or before January 31 of a calendar year) to February 15 of that year. The regulations permit this combination of statements on a consolidated reporting statement only if the statements are based on the same relationship of broker to customer as the statement required to be furnished under section 6045. *See* §1.6045-1(k)(3)(i). Section 4.2.1 of Publication 1179 provides that 1099-DA statements may be combined (in a consolidated statement that Publication 1179 refers to as a composite recipient statement) only with income reported on the following forms: Form 1099-B, Form 1099-DIV, *Dividends and Distributions* (except for section 404(k) dividends), Form 1099-INT, *Interest Income* (except for interest reportable under section 6041), Form 1099-MISC, *Miscellaneous Information* (only for royalties or substitute payments in lieu of dividends and interest), Form 1099-OID, *Original Issue Discount*, Form 1099-PATR, *Taxable Distributions Received From Cooperatives*, and Form 1099-S, *Proceeds From Real Estate Transactions* (only for royalties). Section 4.2.1 of Publication 1179 does not permit brokers to include any other payee statement on a composite recipient statement with a 1099-DV statement.

Section 6722 of the Code imposes a penalty for any failure to furnish a payee statement, including a payee statement required by section 6045, on or before the required furnishing date to the person to whom such statement is required to be furnished, and for any failure to include all the information required to be shown on the payee statement or for the inclusion of incorrect information on that payee statement.

Section 6724 provides that no penalty shall be imposed under section 6722 if the filer (payor) shows that the failure was due to reasonable cause and was not due to willful neglect.

II. *Current Rules Permitting Electronic Furnishing of Payee Statements*

Section 401 of the JCWAA provides that any person required to furnish a payee statement under certain information reporting provisions (including section 6045) of the Code "may electronically furnish such statement . . . to any recipient who has consented to the electronic provision of the statement in a manner similar to the one permitted under regulations issued under section 6051 of such Code or in such other manner as provided by the Secretary." The legislative history to section 401 of the JCWAA also makes clear that obtaining consent to the electronic furnishing of payee statements by the recipient is mandatory. The Technical Explanation of the JCWAA provides that the provision "removes the statutory impediment" to electronically furnishing payee statements and that "these copies may be furnished electronically to a recipient who has consented to this." *See* Technical Explanation of the "Job Creation and Worker Assistance Act of 2002," JCX-12-02 at 27 (March 6, 2002). *See also* Description of Chairman's Modification to the "Economic Recovery and Assistance for American Workers Act of 2001, JCX-78-01 at 12 (November 8, 2001). Accordingly, payee statements within the scope of section 401 of JCWAA may be furnished electronically only with the consent of the recipient.

When JCWAA was enacted, temporary regulations, 66 FR 10191 (February 14, 2001) (Temporary Regulations), were in effect under section 6051 that generally required furnishers to comply with specific notice and consent requirements before they could electronically furnish payee statements to employee-recipients on Forms W-2, *Wage and Tax Statement*, (W-2 payee statements). A Notice of Proposed Rulemaking, 66 FR 10247 (February 14, 2001) (2001 Proposed Regulations), cross-referenced the text of the Temporary Regulations as the text of the 2001 Proposed Regulations. Following the publication of the 2001 Proposed Regulations, the Treasury Department and the

IRS received several comments seeking the removal of the notice and consent requirements. The Treasury Department and the IRS retained the notice and consent requirements in the final regulations. *See* TD 9114, 69 FR 7567 (February 18, 2004) (2004 Final Regulations). The *Explanation of Revisions and Summary of Comments* to the 2004 Final Regulations explained that the notice and consent requirements were retained for tax administration reasons because "it is important that taxpayers be able to demonstrate the ability to receive the tax statements electronically and then actually receive them." *Id*. 69 FR at 7568. Additionally, the *Explanation of Revisions and Summary of Comments* to the 2004 Final Regulations explained that the notice and consent requirements were determined to be important to ensuring that electronic furnishing remained voluntary for both furnishers and recipients of payee statements to accommodate recipients who perceive traditional paper delivery of statements to be more secure and private. *Id*. Finally, the *Explanation of Revisions and Summary of Comments* to the 2004 Final Regulations explained that keeping the consent requirement voluntary was consistent with section 401 of the JCWAA, which adopted the notice and consent requirements by cross referencing the Temporary Regulations. *Id*.

The section 6051 regulations referenced by the JCWAA generally permit furnishers that pay remuneration for services to recipients to furnish payee statements to the recipients in an electronic format in lieu of paper if the furnisher obtains the recipient's consent and meets certain other requirements. *See* §31.6051-1(j)(1). These other requirements generally require that the furnisher furnish the payee statement on paper if the recipient does not consent (or withdraws a previously provided consent) to receiving the statement electronically. *See* for example, §31.6051-1(j)(2)(ii) and (j)(3)(ii). Additionally, because recipients might not be aware that their payee statements have been posted to the furnisher's website, the regulations require the furnisher to provide the recipient with clear notice that this important tax return document is available and to provide the recipient with instructions on how to access it. *See* §31.6051-1(j)(5). Finally, the regulations contain rules to ensure that recipients have access during the tax filing season to the payee statements reflecting all the information reported to the IRS. *See* §31.6051-1(j)(4) (format of substitute statements) and (j)(6) (access period).

Section 4.6 of Publication 1179 applies the rules set forth in §31.6051-1(j) regarding the electronic furnishing of payee statements to several different payee statements required to be furnished, including 1099-DA statements required by section 6045(b) and §1.6045-1(k). Publication 1179 is generally updated annually.

III. *Reasons for New Consent Procedures for 1099-DA Statements Reflecting Digital Asset Sales*

Stakeholders have provided comments indicating that transactions involving digital assets, including the purchase, sale, or disposition thereof, are almost exclusively conducted electronically. Customers who buy and sell digital assets using the custodial wallet services and exchange platform services of digital asset brokers must use computers or mobile devices to access their brokers' websites or mobile device applications. Given that customers have this technological capability, the Treasury Department and the IRS are of the view, consistent with that of stakeholder suggestions discussed later in this Part III. of the *Background*, that the furnishing of payee statements related to digital asset transactions to these customers is better conducted electronically to relieve potential compliance burdens on brokers.

Congress enacted third party information reporting provisions to increase the IRS's ability to administer and enforce the tax laws and to improve taxpayer compliance with these laws. *See e.g.*, Sen. Rep. No 97-494, 239 (interest), 247 (fixed and determinable or determinable income), and 245 (capital gains) (July 12, 1982). Third party information reporting generally contributes to lowering the income tax gap, which is the difference between taxes legally owed and taxes actually paid. *See* U.S. Government Accountability Office (GAO), *Tax Gap: Multiple Strategies Are Needed to Reduce Noncompliance*, GAO-19-558T at 6 (May 9, 2019). Information reporting by brokers on their customers' digital asset transactions benefits tax compliance by helping to close the information gap. *See* Treasury Inspector General for Tax Administration (TIGTA), *The Internal Revenue Service Can Improve Taxpayer Compliance for Virtual Currency Transactions* Ref. No. 2020-30-066 at 10 (September 2020); GAO, *Virtual Currencies: Additional Information Reporting and Clarified Guidance Could Improve Tax Compliance*, GAO-20-188 at 28 (Washington, D.C.: February 2020). First, because brokers are also required to furnish 1099-DA statements to their customers showing the information reported to the IRS, customers receiving these 1099-DA statements are made aware that their digital asset transactions may be taxable transactions and can use these statements as a record to assist with reporting gross proceeds (and, when basis is reported, calculating taxable gains and losses) from the reported transactions. Second, information returns allow the IRS to match the information reported to the IRS with tax returns filed by these customers whose identifying number is shown on the information returns to verify that these customers have properly reported income (or loss) from the reported transactions. Thus, furnishing of 1099-DA statements to customers is essential not only to customers who use the furnished information to accurately file their tax returns but also to reducing the overall tax gap attributable to digital asset sale transactions.

The Internal Revenue Service Advisory Committee (IRSAC) in its public report for 2024 (IRSAC Report)[3] stated that the current rules requiring that payee statements be furnished on paper if the statement recipient does not affirmatively consent (or withdraws a previously provided consent) to receiving the statement electronically would be impractical if applied to digital asset brokers required to furnish 1099-DA statements to their customers reflecting the information reported to the IRS with respect to each digital asset transaction effected during the calendar

[3] Public Report, Internal Revenue Service Advisory Council, Publication 5316 (Rev. 11-2024) *available at* https://www.irs.gov/pub/irs-pdf/p5316.pdf (IRSAC Report).

year. *See* IRSAC Report at 130. According to the IRSAC Report, many customers engage in a significant number of digital asset transactions each year. Furnishing separate 1099-DA statements for each digital asset transaction (or even a single substitute statement that includes information about each transaction) by mail would impose avoidable compliance burdens on digital asset brokers that would be forced to furnish to many customers hundreds or even thousands of pages of paper statements annually. *Id*.

The current regulations in §1.6045-1(k) and the guidance in Publication 1179, which apply to brokers effecting sales of digital assets pursuant to the 2024 final regulations (TD 10000, 89 FR 56480 (July 9, 2024)), require these brokers to furnish 1099-DA statements on paper for any customer that does not affirmatively consent (or withdraws a previously provided consent) to receiving the 1099-DA statements in an electronic format. The Treasury Department and the IRS acknowledge that the cost of furnishing 1099-DA statements on paper for customers that do not provide their consent under the existing rules may be unnecessarily burdensome for brokers that effect sales of digital assets because of the large number of digital asset transactions that some customers engage in each year and because digital asset customers almost exclusively conduct transactions electronically. Consequently, these proposed regulations propose alternative rules that would allow digital asset brokers to obtain customer consent to the electronic furnishing of 1099-DA statements without having to offer customers the choice of receiving the 1099-DA statements on paper. To ensure that customers are made aware that an important tax return document has been furnished in an electronic format and have continuing access to their 1099-DA statement, these proposed alternative rules would, however, require these brokers to meet certain enhanced electronic notice and delivery requirements and to provide customer access to the statements for a longer period of time.

Explanation of Provisions

These proposed regulations would provide guidance under proposed §1.6045-1(k)(5) regarding the ability of brokers to obtain consent from their customers to furnish 1099-DA statements in an electronic format without offering a paper delivery alternative. For the reasons discussed in Part III. of this *Explanation of Provisions*, these proposed regulations are limited to consent procedures only for 1099-DA statements and accordingly do not extend to any other payee statements, such as 1099-B statements.

I. *Electronic Furnishing of 1099-DA Statements*

Proposed §1.6045-1(k)(5)(i) would permit brokers required to furnish 1099-DA statements to obtain consent to furnish those statements in an electronic format in lieu of paper either (1) pursuant to guidance provided by the IRS in the Internal Revenue Bulletin or other publications (such as under section 4.6.2 of Publication 1179) applicable to other information return filers or (2) under the rules proposed in these proposed regulations. The rules proposed in these proposed regulations would not require the broker to furnish paper payee statements if the customer does not consent but, instead, would specifically permit brokers to terminate their business relationship with these customers. Additionally, unlike the existing rules, the rules proposed in these proposed regulations would not require brokers to permit customers to withdraw a previously provided consent. Customers not permitted to withdraw previously provided consents would need to move their digital asset investments to other brokers willing to furnish 1099-DA statements on paper in order to receive their 1099-DA statements on paper. Because customers would not have the right to have their 1099-DA statements furnished on paper, these proposed regulations would impose enhanced notification requirements on brokers to increase the likelihood that customers receive the communication that their 1099-DA statements have been transmitted or otherwise made available.

A. *In general*

Proposed §1.6045-1(k)(5)(i) would permit brokers to furnish 1099-DA statements to customers in an electronic format in lieu of a paper format (and without the requirement to offer the paper format) if the broker obtains consent from the customer, uses one of two qualified electronic delivery methods, and meets certain other requirements relating to continuing disclosure, format, notice, and access period.

The proposed consent requirements are generally modeled after the consent requirements under §31.6051-1(j) for W-2 payee statements but modify those rules where appropriate to reflect the technological knowledge of digital asset investors and traders and the significantly greater number of 1099-DA statements that must be furnished to each customer. Under the proposed regulations, brokers would be required to obtain the customer's positive consent to receiving the 1099-DA statement in an electronic format after receiving certain information from the broker regarding the scope of consent, the methods (including hardware and software requirements) necessary to access the electronically provided 1099-DA statements, the qualified electronic delivery method that will be used to furnish the 1099-DA statements, and other important information necessary for the customer to make an informed consent. Unlike the consent requirements under §31.6051-1(j) for W-2 payee statements, these proposed regulations would not require brokers to give customers the option to receive their 1099-DA statements on paper nor would they require brokers to give customers the ability to withdraw a previously provided consent while remaining customers. Nevertheless, as further described in Part I.C.3.b. of this *Explanation of Provisions*, if a broker's email of an original 1099-DA statement is returned as undeliverable, the broker may be required to send the original 1099-DA statement to the customer by mail within 30 days of receiving that undeliverable response.

Brokers that obtain the customer's positive consent would be required to furnish 1099-DA statements either by posting them to a specified location that is electronically accessible, such as the broker's website, mobile device application, or other online platform, or by attaching them to an email. Brokers that furnish 1099-DA statements by posting them to an electronically accessible specified location would be required to

send customers a notice by email that the statements are available and, if requested by the customer, another notice using a communication method other than email. Brokers that furnish 1099-DA statements by attaching them to emails would not be required to send the customer a notice unless the customer requests a notice of that transmittal using a communication method other than email. Because brokers may not know if their customers, in fact, accessed their electronically furnished 1099-DA statements, proposed §1.6045-1(k)(5)(i) would treat a broker that posts the 1099-DA statement to a specified location that is electronically accessible and that meets the consent, delivery, and other requirements in the proposed regulations as furnishing the 1099-DA statement as of the last of the following dates: (1) the date that the broker posts the 1099-DA statement to the specified location; (2) the date that the broker sends the customer a notice by email that the 1099-DA statement has been made available; and (3) the date that the broker sends the requested notice using a communication method other than email, if requested by the customer. For a broker that sends the customer an email with a 1099-DA statement attached and that meets the consent, delivery, and other requirements in the proposed regulations, proposed §1.6045-1(k)(5)(i) would generally treat the broker as furnishing the 1099-DA statement as of the later of the date that the broker sends to the customer an email with a 1099-DA statement attached or the date that the broker sends the requested notice informing the customer that the customer's 1099-DA statement has been transmitted using a communication method other than email. *See* Part I.C. of this *Explanation of Provisions* for a discussion of the proposed rule that would require brokers to provide customers with additional methods to receive requested notices regarding their 1099-DA statements and the rationale behind this proposed rule.

B. *Consent*

The proposed consent requirements are generally modeled after the consent requirements under §31.6051-1(j) for W-2 payee statements. For example, like the consent requirements under §31.6051-1(j), the proposed consent requirements in these proposed regulations are designed to ensure that the customer is made aware that the customer is providing this specific consent to receive the 1099-DA statement in an electronic format. Additionally, like the consent requirements under §31.6051-1(j), the proposed rules would require that customers be provided with a disclosure statement, prior to or at the time of this consent, setting forth important information regarding the consequences of consent and non-consent.[4]

The proposed regulations would differ from the rules under §31.6051-1(j), however, where appropriate to reflect the technological knowledge of digital asset traders and the significantly higher number of 1099-DA statements that might be furnished to each customer in comparison to the single-page W-2 payee statements that are required to be furnished to employees under §31.6051-1(j). For example, the proposed regulations would not include the requirement in §31.6051-1(j)(2)(i) that the recipient's consent be provided in a way that reasonably demonstrates the recipient's ability to access the statement in the electronic format. In addition, the proposed regulations would not include the requirements in §31.6051-1(j)(3)(ii) and (v) that furnishers inform recipients that recipients will receive paper statements if they do not provide their consent or that recipients may withdraw a previously provided consent under specified procedures. *See* Parts I.B.1. through 5. of this *Explanation of Provisions* for a more detailed explanation of the consent requirements included in proposed §1.6045-1(k)(5)(iii) and how they compare to the consent requirements in §31.6051-1(j).

1. Positive Consent

To achieve the objective that customers be made aware of what they are consenting to, proposed §1.6045-1(k)(5)(iii)(A) would require that the customer provide positive consent to receive the 1099-DA statement in an electronic format. Positive consent would be treated as obtained, for this purpose, if the customer performs an explicit action to provide consent, such as by checking a box, clicking a button, or completing a fill-in screen. *See* proposed §1.6045-1(k)(5)(iii)(A). This proposed requirement to take an explicit action to provide positive consent is included to ensure that customers are made aware that they will receive their 1099-DA statements in an electronic format. This requirement that the customer perform an explicit action is similar to the affirmative consent requirement in the current regulations in §1.6045-1(k) and the guidance in Publication 1179. Use of the adjective "positive" in the proposed regulations instead of "affirmative" is meant to distinguish the overall consent rules in the proposed regulations from the overall consent rules under §31.6051-1(j) and as provided in section 4.6.2 of Publication 1179, which, unlike the proposed regulations, require the customer to demonstrate that the customer can access the electronically provided statement. *See* Part I.B.2. of this *Explanation of Provisions* for a discussion of the demonstration requirement of §31.6051-1(j) and why it is not included in these proposed regulations.

Proposed §1.6045-1(k)(5)(iii)(A) would also require that the broker's solicitation of the customer's consent meet specific requirements designed to ensure that customers are aware of what they are agreeing to when they provide their consent. As discussed in Part III. of the *Background*, the furnishing of 1099-DA statements to customers provides these customers with a record that they can use to assist with reporting gross proceeds (and when basis is reported calculating and reporting taxable gains and losses) from the reported sales. If these customers are not made aware that their 1099-DA statements will be furnished electronically, they might fail to access those statements and report their taxable gains (and losses) from the reported sales correctly, thus thwarting the benefits of third-party information reporting. Accordingly, to address the importance of making customers aware that their 1099-DA statements will be electronically furnished, proposed

[4] The Electronic Signatures in Global and National Commerce Act (E-SIGN Act) Public Law No. 106-229, 114 Stat. 464 (2000), 15 U.S.C. sections 7001 through 7006 (2000), provides rules permitting businesses to furnish to consumers legally required records in an electronic format with the consent of the consumer. The consent rules in these proposed regulations are largely consistent with the consent rules in the E-SIGN Act.

§1.6045-1(k)(5)(iii)(A) would require that the customer's consent to receiving the 1099-DA statements in an electronic format be separate from any other consent provided by the customer. The solicitation of the customer's consent to receive 1099-DA statements electronically may be included in another communication, including a communication that solicits consent on other issues, for example a broker's terms and conditions, but the customer's response to the 1099-DA consent solicitation may relate only to consent to receiving the 1099-DA statement electronically.

Additionally, to ensure that the customer's consent is an informed consent, proposed §1.6045-1(k)(5)(iii)(A) would require that a clear and conspicuous disclosure statement be provided to the customer prior to or at the time of consent. *See* Part I.B.3. of this *Explanation of Provisions*, for a discussion of the information that must be disclosed to the customer prior to or at the time of consent and for the rules detailing how this information must be provided to the customer.

2. Demonstration of Ability to Access the 1099-DA Statement

The rules under §31.6051-1(j) and the guidance under section 4.6 of Publication 1179 require furnishers of payee statements to obtain the consent of each recipient to receiving the payee statement electronically before the statement can be furnished electronically to that recipient. Consent, for this purpose, requires that the recipient reasonably demonstrate the recipient's ability to access the payee statement in the electronic format.[5] Examples 1 and 2 under §31.6051-1(j)(2)(iv) demonstrate the application of this rule with facts showing recipients who are directed to give their consent on documents that are provided in the same electronic format as that in which the payee statements will be furnished. Because the recipients give their consent using the same electronic format as that in which the payee statements will be furnished, Examples 1 and 2 conclude that the recipients' consent demonstrates that the recipients are able to access the electronic format in which the payee statements will be furnished. *Id*. Example 3 under §31.6051-1(j)(2)(iv) shows facts under which a recipient must give consent on the same website that the recipient's electronically furnished payee statement will be posted. Example 3 concludes that because the recipient demonstrated the ability to access the website on which the payee statement will be posted, the recipient's consent demonstrated the recipient's ability to access the payee statement in the electronic format. *Id*.

Taxpayers who buy and sell digital assets using the custodial wallet services and exchange platform services of digital asset brokers must use computers or mobile devices to access their brokers' websites or mobile device applications. Consequently, these taxpayers have already demonstrated that they can access their brokers' websites or mobile device applications to retrieve information posted to these locations, such as a 1099-DA statement. Therefore, it is not necessary for customers to demonstrate their ability to access their brokers' websites or mobile device applications. Similarly, by definition, if a taxpayer provides the broker with the taxpayer's email address, the taxpayer has confirmed that the taxpayer can access communications sent to this address. Therefore, it is not necessary for customers to demonstrate their technical ability to access their email accounts. By not adopting these requirements from §31.6051-1(j), the Treasury Department and the IRS anticipate that these proposed regulations will be less burdensome on electronic commerce without materially increasing the risk of harm to consumers. Accordingly, these proposed regulations do not require the method by which a customer provides consent to include a demonstration that the customer has the technical ability to access electronically furnished 1099-DA statements in the format in which it will be furnished.

3. Pre-Consent Disclosure Statement

a. Information included in the pre-consent disclosure statement

As noted in Part I.B.1. of this *Explanation of Provisions*, proposed §1.6045-1(k)(5)(iii)(A) would require brokers to provide customers with a clear and concise disclosure statement prior to or at the time of consent (pre-consent disclosure statement). Proposed §1.6045-1(k)(5)(iii)(C) would require that this disclosure statement contain seven information items described in proposed §1.6045-1(k)(5)(iii)(C)(*1*) through (*7*). Two of these proposed disclosure requirements are the same as the disclosure requirements set forth in §31.6051-1(j)(3)(iii) (scope and duration of consent) and (viii) (hardware and software requirements) and described in section 2.6.2 of Publication 1179.[6] Specifically, proposed §1.6045-1(k)(5)(iii)(C)(*1*) would require the pre-consent disclosure statement to inform the customer that the provided consent will apply to all 1099-DA statements required to be furnished by the broker. Additionally, proposed §1.6045-1(k)(5)(iii)(C)(*2*) would require the pre-consent disclosure statement to describe the method by which the customer will need to access, download, and print the 1099-DA statement furnished in the electronic format, including the hardware or software the customer will need to conduct these functions.

Proposed §1.6045-1(k)(5)(iii)(C) also includes five pre-consent disclosure requirements that are not included in (or are different from) the pre-consent disclosures required by §31.6051-1(j)(3) and described in section 2.6.2 of Publication 1179. For example, proposed §1.6045-1(k)(5)(iii)(C)(*3*) would require the pre-consent disclosure statement to describe the specific qualified electronic delivery method that the broker will use to furnish the 1099-DA statement to the customer. The purpose of this disclosure is to ensure that customers will know which method brokers will use to deliver their

[5] *See* §31.6051-1(j)(2)(i); *see also* 15 U.S.C. 7001(c)(1)(C)(ii).

[6] *See also* 15 U.S.C. 7001(c)(1)(B)(ii) and (c)(1)(C)(i). Many of the pre-consent disclosure requirements in §31.6051-1(j)(3) are not included in the proposed regulations because they are not applicable. For example, §31.6051-1(j)(3)(ii), (iv), and (v) require disclosures associated with the paper statement option that furnishers are required to provide under §31.6051-1(j). Similarly, §31.6051-1(j)(3)(vi) is not applicable to these proposed regulations because it requires furnishers to inform recipients of the conditions under which payee statements will no longer be electronically furnished.

1099-DA statements. Customers can use this information to evaluate whether, in their view, the delivery method chosen by the broker is a secure or otherwise convenient method of delivery. *See* Part I.C. of this *Explanation of Provisions* for a discussion of the qualified electronic delivery methods.

If the broker chooses the qualified electronic delivery method that would require the broker to send a notice to the customer that the 1099-DA statement has been posted to a specified location that is electronically accessible, proposed §1.6045-1(k)(5)(iii)(C)(*4*) would require the disclosure statement to state that the notice will be sent to the customer by email and that the customer may ask for another notice using an additional communication method (referred to as requested notice). Alternatively, if the broker chooses the qualified electronic delivery method that would require the broker to transmit the customer's 1099-DA statement by way of attachment to an email, proposed §1.6045-1(k)(5)(iii)(C)(*4*) would require the disclosure statement to inform the customer that the customer may ask for a notice using an additional communication method when the customer's 1099-DA statement has been transmitted (also referred to as requested notice). Additionally, regardless of which qualified electronic delivery method the broker chooses, proposed §1.6045-1(k)(5)(iii)(C)(*4*) would require the disclosure statement to inform the customer that the customer may ask the broker to change the additional communication method used by the broker to send the requested notices. *See* Part I.C. of this *Explanation of Provisions* for a discussion of the proposed rule that would require brokers to provide customers with additional methods to receive requested notices regarding their 1099-DA statements and the rationale behind this proposed rule. The purpose of this disclosure requirement is to inform customers that they may request a communication method other than email by which they will receive notices regarding their 1099-DA statements.

Additionally, if the broker intends to limit the services available to customers that do not provide their consent, such as not effecting future sales for such customers, proposed §1.6045-1(k)(5)(iii)(C)(*5*) would require that the disclosure statement inform the customer of this intention. The purpose of this disclosure requirement is to ensure that customers are made aware of the consequences of their decision, not to limit the decisions brokers can make regarding these consequences. For example, under the proposed regulations, a broker may decide to not effect sales for customers that do not provide their consent or could alternatively decide to continue to effect sales for customers up to a certain limit to ensure that any paper 1099-DA statements sent to non-consenting customers would be short. *See* Part I.B.5.b. of this *Explanation of Provisions* for a further discussion of this requirement and why the disclosure of this consequence would not invalidate a consent.

Proposed §1.6045-1(k)(5)(iii)(C)(*6*) would require that the disclosure statement inform the customer of the broker's policy regarding the withdrawal of a previously provided consent. If a broker does not offer customers the opportunity to withdraw a previously provided consent, proposed §1.6045-1(k)(5)(iii)(C)(*6*) would require that the disclosure statement inform the customer of this policy. Conversely, if the broker does choose to offer customers the opportunity to withdraw a previously provided consent, the disclosure statement must inform the customer of the procedures the customer must follow to withdraw a previously provided consent and when such withdrawal will be effective. The purpose of this disclosure requirement is to ensure that customers are made aware of the consequences of their decision, not to limit the decisions brokers can make regarding consent withdrawals.

Finally, proposed §1.6045-1(k)(5)(iii)(C)(*7*) would require that the disclosure statement provide a document or describe a location, such as on the broker's website, mobile device application, or other online platform, where the customer can find the information included in the pre-disclosure statement after providing consent. The purpose of this proposed disclosure requirement is to ensure that customers will be able to obtain answers to their questions about their 1099-DA statements if they are unable to remember the information provided at the time of consent.

Section 31.6051-1(j)(3)(ii) and (iv) require the furnisher to inform the recipient that a paper statement will be furnished if the recipient does not consent and the procedures the recipient must follow to obtain a paper statement after giving consent. These disclosures have not been added to the proposed regulations' disclosure requirements because these proposed rules do not require the broker to offer the customer a paper 1099-DA statement. Instead, as discussed earlier in this Part I.B.3., under the proposed regulations brokers may refuse to offer a paper statement and may decline to continue or begin their business relationship with customers that do not provide their consent. *See* Part I.B.5. of this *Explanation of Provisions* for a further discussion of the rationale behind not requiring brokers to offer customers a paper option. For similar reasons, the proposed regulations also do not require brokers to disclose to customers the information included in §31.6051-1(j)(3)(ii), which requires furnishers to inform recipients that they have a right to withdraw a previously provided consent, the procedures the recipient must follow to do so, and when a withdrawn consent will be effective. Instead, as discussed earlier in this Part I.B.3, the proposed regulations would require the broker to inform the customer of whether it will permit customers to withdraw consent. Only if a broker does permit customers to withdraw consent would the broker need to inform the customer of the procedures the customer must follow to do so.

b. Method of providing the pre-consent disclosure statement

Proposed §1.6045-1(k)(5)(iii)(C) would provide that the pre-consent disclosure statement may be provided by the broker in any manner that is part of the consent solicitation. For example, the broker could include the information required to be disclosed on a pop-up screen shown to the customer as part of the request for the customer's consent or on another page on the broker's website, mobile device application, or other online platform to which the pop-up consent screen provides a direct link.

The Treasury Department and the IRS are concerned, however, that customers

that transact with brokers exclusively through one or more physical electronic terminals or kiosks might not remember the name or URL of the broker's website, mobile device application, or other online platform if it was only accessed using the broker's kiosk. Similarly, customers that transact with brokers that effect sales of digital assets as a processor of digital asset payments as defined in §1.6045-1(a)(22) (PDAP broker), where the digital assets that the customer uses for payment are held in an account at a different custodial broker, might not be aware of the PDAP broker's website, mobile device application, or other online platform. Accordingly, to ensure that customers using kiosks or PDAP brokers to effect sales of their digital assets have continuing access to this initial disclosure statement, proposed §1.6045-1(k)(5)(iii)(C) would require that PDAP brokers and brokers that transact exclusively with customers through one or more physical electronic terminals or kiosks also provide the disclosure statement to these customers by email or by using any mail or private delivery service within five business days of the customer's explicit action to provide positive consent. This five business-day requirement would ensure that the customer is familiar with the context of the communication when it is received. Additionally, proposed §1.6045-1(k)(5)(iii)(C) would require that these brokers also provide customers with the opportunity to receive this disclosure statement using an additional communication method described in Part I.C. of this *Explanation of Provisions* if requested by the customer at the time of consent. *See* Part I.C. of this *Explanation of Provisions* for a discussion of why the customer should be given the opportunity to request communications sent by email using an additional communication method.

Comments are requested regarding these additional rules requiring the provision of the disclosure statement in the case of customers that transact with brokers that operate physical terminals or kiosks. For example, comments are requested on whether these customers regularly visit the broker's website, mobile device application, or other online platform when they are not at the broker's physical terminal or kiosk. Comments are also requested regarding the need for this rule in the case of customers that transact with PDAP brokers. For example, comments are requested on whether these customers regularly visit the broker's website, mobile device application, or other online platform. Finally, comments are requested regarding whether the requirement that brokers send the disclosure statements to the customer within five business days of the customer's explicit action to provide consent provides brokers with sufficient time to comply with this requirement.

4. Change in Hardware or Software Requirements

Under §31.6051-1(j)(2)(iii) and the guidance in section 4.6.2 of Publication 1179, if the furnisher changes the hardware or software that the recipient will need to access the payee statement and that change creates a material risk that the recipient will not be able to access the payee statement, the furnisher must obtain a new consent from the recipient to receive the payee statement electronically after notifying the recipient of the new hardware or software requirements. Because taxpayers who buy and sell digital assets are likely to have the technological wherewithal to access statements provided using the qualified electronic delivery methods described in proposed §1.6045-1(k)(5)(ii) (posted to an electronically accessible specified location or by direct transmittal), the condition that recipients be notified if there is a material risk that the recipient will not be able to access the payee statement has been revised. Specifically, if an intended change in the method by which the customer will need to access, download, and print the 1099-DA statement furnished in the electronic format, including a change in the hardware or software required to conduct these functions, would create a material risk that the customer will need to obtain new hardware or software to access the 1099-DA statement, proposed §1.6045-1(k)(5)(iii)(B) would require the broker to obtain a new consent from the customer to receive the 1099-DA statement using the new hardware or software before implementing the change. The broker would be required to obtain this new consent regardless of whether the necessary new hardware to be obtained or software required to be downloaded are available at a price or are generally offered to consumers for free. This requirement, however, is not intended to apply to the simple case in which the customer is provided minor upgrades in existing software that do not impede the customer's ability to access the 1099-DA statement. Comments are requested regarding how this distinction can be expressed in regulatory text. In addition, the broker would be required to obtain this consent in the same manner as that described in proposed §1.6045-1(k)(5)(iii)(A) and would be required to furnish the customer with updated pre-consent disclosures described in Part I.B.3. of this *Explanation of Provisions*. Brokers would be required to furnish 1099-DA statements in the old hardware or software format to customers that do not provide their consent to receiving the 1099-DA statements in the new hardware or software format until they receive that consent.

5. Not Offering a Paper 1099-DA Statement Alternative

a. In general

The rules under §31.6051-1(j)(3)(ii) and (v) as applied by section 4.6.2 of Publication 1179 require furnishers to inform recipients that payee statements will be furnished on paper if the recipient does not consent to receiving the payee statement electronically and that the recipient has the right to withdraw a previously provided consent. Additionally, §31.6051-1(j)(2)(ii) as applied by section 4.6.2 of Publication 1179 provides that a previously provided consent from a recipient is not valid once a recipient's withdrawal of that consent takes effect. The Treasury Department and the IRS explained in the *Explanation of Revisions and Summary of Comments* to the 2004 Final Regulations that it was important that the electronic furnishing of payee statements remain voluntary (that is, that recipients be provided with a paper option) to accommodate recipients who perceive traditional paper delivery of statements to be more secure and private. *See* 2004 Final Regulations 69 FR at 7568. This accommodation, according to this explanation, was consistent with Con-

gressional intent as reflected by the reference in section 401 of the JCWAA to the regulations under section 6051. *Id*.

In mandating that a paper delivery option be offered, the rules under §31.6051-1(j) struck a balance between the desire of furnishers to reduce costs by furnishing W-2 payee statements electronically and the tax administration concerns associated with recipients being unable to access electronically furnished W-2 payee statements for use in filing accurate income tax returns. Unlike many of the single-page payee statements subject to the rules under §31.6051-1(j) that reflect an aggregation of all reportable payments made within the calendar year, the §1.6045-1 regulations require brokers to furnish a separate 1099-DA statement for each transaction (or a single substitute statement that includes information about each transaction) effected for customers within a calendar year. Given the number of digital asset transactions that may be effectuated by a single customer in a given year, even substitute 1099-DA statements that reflect each of these transactions, if printed, may be quite lengthy.

The Treasury Department and the IRS are of the view that recipients have become increasingly able to access electronically furnished payee statements since the 2004 Final Regulations were first published. Compared to the early 2000s, most U.S. adults today say they use the internet (95%), have a smartphone (90%), or subscribe to high-speed internet at home (80%).[7] This is especially true for digital asset investors and traders who generally communicate with their digital asset brokers solely through electronic means. As such, the risk of harm to recipients who are asked to consent to receiving payee statements in an electronic format has materially diminished since those regulations were first published. Additionally, the Treasury Department and the IRS are sympathetic to the potentially substantial compliance costs for digital asset brokers, and the burden those costs place on electronic commerce, that would result if digital asset brokers were required to offer customers paper 1099-DA statements. According to the IRSAC Report, the printing and mailing costs that physical delivery of 1099-DA statements would require could create unmanageable burdens for brokers because of the large quantity of trades engaged in by some digital asset investors. Moreover, customers that inadvertently fail to provide their consent to receiving the statements electronically or that do not appreciate the length of these statements when they choose to receive paper statements could potentially be significantly inconvenienced by this choice because they may need to scan potentially lengthy paper statements to computer files for transmission to tax return preparers or for use by tax return preparation software. The significant cost of printing and mailing paper 1099-DA statements to customers also imposes material burdens on small business brokers, who may incur substantial expenses to meet paper-furnishing requirements. As such, the tax administration benefits of not requiring brokers to offer a paper delivery option for 1099-DA statements outweigh the costs to digital asset investors and traders of not having that option because digital asset investors and traders have the technological capability to receive electronic communications and to visit their brokers' websites or mobile device applications to access their electronically furnished 1099-DA statements.[8]

b. Changes to the parties' relationship if the customer does not consent

There may be customers that refuse to consent to receiving the 1099-DA statement in an electronic format even though the broker does not offer the customer an option to receive the 1099-DA statement on paper (or limits that option to customers with transaction numbers below a certain threshold). As discussed in Part II. of the *Background*, section 401 of the JCWAA mandates that the recipient consent to receiving a payee statement electronically before the furnisher may electronically furnish that statement. Therefore, if a broker is unwilling to furnish paper 1099-DA statements to customers that do not consent to electronic furnishing, the broker would need to cease effecting sales for these customers to avoid being penalized for the failure to furnish 1099-DA statements under section 6722. If a broker makes the business decision to limit its services, for example by not effecting any future sales for all such customers or for those customers with transaction numbers above a certain threshold, proposed §1.6045-1(k)(5)(iii)(C)(*5*) would require that the broker disclose this business decision to customers prior to obtaining their consent.[9] Disclosure of the consequences to not providing consent when those consequences are legally permitted does not invalidate an otherwise valid consent. *See, e.g.*, *Ballard v. Comm'r*, T.C. Memo. 1987-471 (Commissioner's statement that IRS Appeals conference would not be allowed if taxpayer failed to consent to extending statute of limitations does not invalidate signed consent because such statements are nothing more than notice that the Commissioner intends to use lawful means at his disposal to assess the tax); *Hall v. Comm'r*, T.C. Memo. 2013-93 (signed consent valid where taxpayer faced choice of whether to accept plea agreement or go on trial and face significantly worse consequences). Accordingly, a broker may inform customers that the broker has determined it will not effectuate sales with, or will otherwise limit the business relationship with, a customer that does not consent to receiving electronic 1099-DA statements.

c. Withdrawal of consent

The rules under §31.6051-1(j) and the guidance under section 4.6 of Publication 1179 require furnishers of payee statements to inform recipients that they

[7] *See* Pew Research Center, *Americans' Use of Mobile Technology and Home Broadband*, https://www.pewresearch.org/internet/2024/01/31/americans-use-of-mobile-technology-and-home-broadband/ (accessed March 4, 2026).

[8] The E-SIGN Act permits a Federal agency to promulgate consent rules that deviate from the consent rules in the E-SIGN Act if it makes a determination that this deviation is necessary to eliminate a substantial burden on electronic commerce and will not increase the material risk of harm to consumers. 15 U.S.C. 7004(d).

[9] Informing customers of these consequences is consistent with the E-SIGN Act, which requires that furnishers inform consumers of any consequences (including termination of the parties' relationship) if the consumer withdraws consent. *See* 15 U.S.C. 7001(c)(1)(B)(i)(II).

have the right to withdraw consent. *See* §31.6051-1(j)(3)(v). Additionally, once a recipient withdraws consent and that withdrawal is effective, the furnisher must provide the payee statement on paper. *See* §31.6051-1(j)(2)(ii) and (j)(7). For the same reason that these proposed regulations do not require a broker to provide a paper delivery option at the time of consent, these proposed regulations also do not require brokers to offer customers the opportunity to withdraw a previously provided consent. *See* Part I.B.5.a. of this *Explanation of Provisions* for a discussion of the paper option. Despite this conclusion, the proposed regulations would require brokers to inform customers if they will not be given the opportunity to withdraw a consent once provided. *See* Part I.B.3. of this *Explanation of Provisions* for a general discussion of the information that a broker must disclose to the customer prior to or at the time of consent.

C. *Qualified electronic delivery methods*

The rules under §31.6051-1(j) when originally proposed would have only permitted furnishers to furnish payee statements electronically by posting them to a website accessible to the recipient. *See* Temporary Regulations 69 FR at 1193 (proposed §31.6051-1(j)(5)). In response to this proposed rule, two commenters recommended that the regulations allow furnishers to provide payee statements as attachments to emails, and one commenter stated that providing tax statements by email raised security and privacy concerns. *See Explanation of Revisions and Summary of Comments* to the 2004 Final Regulations 69 FR at 7568. In response to these comments, the 2004 Final Regulations did not restrict furnishers solely to the use of website technology, but the Treasury Department and the IRS noted that, although website technology provided the most secure method of furnishing payee statements electronically, it was not the Secretary's intention to limit the technology to be used in furnishing payee statements electronically. *Id*.

The 2004 Final Regulations do not provide any rules for brokers that fulfill their furnishing obligations by attaching payee statements to emails. In contrast, these proposed regulations include proposed rules for brokers that furnish 1099-DA statements by attaching them to emails because these furnishing rules are necessary to ensure customers receive their 1099-DA statements no matter how they are furnished. Additionally, furnishing rules for 1099-DA statements are necessary for all delivery methods because 1099-DA statements will be new to digital asset investors and traders who might not otherwise seek to obtain their statements if they do not receive an email regarding these statements. Given these considerations, it is important to provide brokers with clear rules for whichever electronic delivery method they use to furnish 1099-DA statements. Accordingly, these proposed regulations include rules for brokers that furnish 1099-DA statements by posting them to electronically accessible specified locations as well as for brokers that furnish 1099-DA statements by attaching them to emails. These methods are collectively referred to as qualified electronic delivery methods.

As discussed in Part I.A. of this *Explanation of Provisions*, proposed §1.6045-1(k)(5)(i) would require brokers furnishing 1099-DA statements in an electronic format to use a qualified electronic delivery method to do so. Proposed §1.6045-1(k)(5)(ii) would define a *qualified electronic delivery method*, for this purpose, as falling within one of two broad types of delivery methods. First, under proposed §1.6045-1(k)(5)(ii)(A), the broker would be permitted to post the 1099-DA statement to a specified location that is electronically accessible, such as the furnisher's website, mobile device application, or other online platform. Brokers using this qualified electronic delivery method would also be required to notify the customer by email that the 1099-DA statement has been so posted. Alternatively, under proposed §1.6045-1(k)(5)(ii)(B), the broker would be permitted to transmit the 1099-DA statement directly to the customer by attaching it to (or otherwise including it with) an email to the customer. Comments are requested addressing whether there are any other practical methods of electronically furnishing the 1099-DA statements other than the two methods described in proposed §1.6045-1(k)(5)(ii)(A) and (B) that should be included in the definition of a qualified electronic delivery method.

Regardless of which of these two proposed qualified electronic delivery methods the broker chooses to furnish 1099-DA statements electronically, the broker would be required to send an email to the customer either to provide notice that the statement has been made available in an electronically accessible specified location or to transmit the 1099-DA statement directly. The Treasury Department and the IRS considered whether brokers should be given the ability to choose a different communication method for these notices and transmittals but decided against providing brokers with this choice for several reasons. First, email is a ubiquitous method of communication with which most people are familiar. Because it is essential to tax administration that customers actually receive these important communications and view and use their 1099-DA statements, it is essential that the most broadly used and well-known method of communication be required. Second, most email providers have policies to prevent the reuse of previously used addresses and will return as undeliverable messages sent by email to an address that is not assigned to any user. In contrast, if a broker sent a communication by way of text message to a customer regarding the customer's 1099-DA statement, the broker might not be informed if the customer's mobile phone number was no longer in service or was reassigned to another mobile phone customer.

The Treasury Department and the IRS considered whether a customer's in-account messaging system with the broker (also referred to in certain circumstances as in-application messaging) should be permitted as a default communication method. This communication method was not proposed as a default method, however, because of the concern that this method did not provide a sufficient level of certainty that the communication will be received by most customers because it is unclear if all customers would even be aware that communications have been sent to their in-account messaging system. The Treasury Department and the IRS also considered whether communications sent to a customer's cellular device in a manner that can be viewed even when the account application with the broker is not open (sometimes referred to as push noti-

fications) should be permitted as a default communication method for this purpose. Because customers can turn off push notifications on their device without the broker's knowledge, the Treasury Department and the IRS also concluded that this method does not provide a sufficient level of certainty that the communication will be received by most customers. *See* Parts I.C.1. and 2. of this *Explanation of Provisions* for a discussion of the requirement that brokers provide customers with the opportunity to request certain additional communications regarding their 1099-DA statements using other methods of communication, including in-account messaging and push notifications.

1. Posting a 1099-DA Statement to an Electronically Accessible Specified Location

The first type of qualified electronic delivery method is described in proposed §1.6045-1(k)(5)(ii)(A)(*1*). Under proposed §1.6045-1(k)(5)(ii)(A)(*1*), a qualified electronic delivery method would require the broker to post the 1099-DA statement to a specified location that is electronically accessible, such as the broker's website, mobile device application, or other online platform. Once the 1099-DA statement has been posted, proposed §1.6045-1(k)(5)(ii)(A)(*1*) would also require the broker to send the customer an email notice, containing the information described in proposed §1.6045-1(k)(5)(ii)(A)(*4*), to inform the customer that the 1099-DA statement has been so posted. Like the information required to be included in notices sent to recipients under §31.6051-1(j)(5) and the guidance in section 4.6.2 of Publication 1179, proposed §1.6045-1(k)(5)(ii)(A)(*4*) would require the broker to include in the notice instructions on how the customer can access and print the 1099-DA statement. The notice would also be required to include the following statement in capital letters, "IMPORTANT TAX RETURN DOCUMENT AVAILABLE." This statement would also be required to be included on the subject line of the email. These rules are designed to make the customer aware that the customer's 1099-DA statements are available and to provide information on how to access those statements.

The Treasury Department and the IRS are concerned that some customers may not regularly check whether emails have been sent to an address that the customer provided to the broker or may not be aware if the customer's email provider filters out as unsolicited an important email from the broker. For example, a customer may regularly access a broker's website to carry out transactions but only occasionally check whether emails have been sent to an email address that the customer has provided to the broker. Additionally, some customers may not open emails from their broker because they are concerned that the emails may be compromised and could give rise to a phishing attack. Finally, some customers may find it useful to receive notices regarding their 1099-DA statements using a different communication method to remind them that they may have taxable digital asset transactions that need to be reported on their tax returns. Accordingly, proposed §1.6045-1(k)(5)(ii)(A)(*1*) would require the broker to provide the customer with the opportunity to receive another notice from the broker using an additional communication method if the customer requests this notice not later than the end of the calendar year to which the 1099-DA statement relates (requested notice). These requested notices would also be required to include the following statement in capital letters, "IMPORTANT TAX RETURN DOCUMENT AVAILABLE." This statement must also be included prominently in the message of the requested notice. *See* proposed §1.6045-1(k)(5)(ii)(B)(*4*).

Requiring brokers to provide customers with a choice of additional communication methods regarding these important communications is important to tax administration. First, providing customers that do not find email to be the best communication method with the ability to choose an additional communication method that is better suited to their needs will increase the likelihood that these customers actually receive these important communications and view and use their 1099-DA statements. Second, because 1099-DA statements will be new for digital asset investors and traders, it is more likely that these customers will not be experienced in knowing when they should look for email communications about their 1099-DA statements. For these reasons, the proposed regulations would require brokers to provide customers with the opportunity to receive a requested notice from the broker regarding the posting of their 1099-DA statements using an additional communication method. Because brokers would only be required to send requested notices to those customers that take the initiative to ask for these notices, the cost of this rule for the broker should be limited to those customers that need to receive the notice using another communication method.

If the customer asks for this requested notice by the required deadline, proposed §1.6045-1(k)(5)(ii)(A)(*1*) would require that the broker provide the customer with certain choices of communication methods. Under proposed §1.6045-1(k)(5)(ii)(C), the broker must always offer the customer the choice of receiving the requested notice on paper using the physical delivery method chosen by the broker (that is by mail or any private delivery service). The broker may, but is not required to, offer customers additional choices of electronic delivery using any electronic delivery method described in proposed §1.6045-1(k)(5)(ii)(C)(*1*) that the broker chooses to offer. These electronic delivery methods include messages sent to the customer's cellular phone number (sometimes referred to as text messaging), to the customer's in-account messaging system with the broker (sometimes also referred to as in-application messaging), to the customer's cellular device in a manner that can be viewed even when the account application with the broker is not open (sometimes referred to as push notifications), or to any other electronic messaging address of the customer.

Although sending notices by mail or private delivery service may be more costly to brokers than sending them electronically, the Treasury Department and the IRS have proposed that brokers always offer customers this option because mail is likely the most common communication method for important tax documents other than email. Additionally, because these requested notices should be short communications, as opposed to potentially lengthy 1099-DA statements, the tax administration benefits for the IRS and customers choosing to receive

these notices by mail or private delivery service should outweigh the higher costs of mailing these notices. As noted, the Treasury Department and the IRS intend for this mailing requirement, as well as the other mailing requirements throughout the proposed regulations, to permit the broker to choose the particular mail or private delivery service that best meets the broker's business needs. Comments are requested regarding whether there is a more reasonable amount of time (other than the proposed end of the calendar year to which the 1099-DA statement relates) for the customer to ask for a requested notice using an additional communication method. Comments are also requested addressing whether there are any other practical methods of delivering these important notices.

2. Direct Transmittal of the 1099-DA Statement

The second type of qualified electronic delivery method is described in proposed §1.6045-1(k)(5)(ii)(B)(*1*) as a direct transmittal of the 1099-DA statement to the customer. Under this method, the 1099-DA statement would be attached to, or otherwise included with, an email to the customer. The rules under §31.6051-1(j)(5) and the guidance in section 4.6.2 of Publication 1179 do not include information requirements for emails sent directly to recipients to which payee statements are attached. It is important that customers that are sent emails to which payee statements are attached be made aware that important documents related to their tax compliance obligations are attached to an email. Accordingly, proposed §1.6045-1(k)(5)(ii)(B)(*4*) would require the broker's email to which the 1099-DA statement has been attached to include instructions on how the customer can access, download, and print the 1099-DA statement. Additionally, proposed §1.6045-1(k)(5)(ii)(B)(*4*) would also require that this electronic communication include the following statement in capital letters, "IMPORTANT TAX RETURN DOCUMENT AVAILABLE" and that this statement be on the subject line of the electronic communication.

Additionally, as discussed in Part I.C.1. of this *Explanation of Provisions*, the Treasury Department and the IRS are concerned that some customers may not regularly check whether emails have been sent to an email address that the customer provided to the broker. Because some customers may find it useful to receive an electronic communication using an additional communication method or a paper document that reminds them that they may have taxable digital asset transactions that need to be reported on their tax returns, proposed §1.6045-1(k)(5)(ii)(B)(*1*) would require the broker to provide the customer with the opportunity to request a notice from the broker informing the customer that the customer's 1099-DA statement has been transmitted (requested notice). *See* Part I.C.1. of this *Explanation of Provisions*, for a discussion of the definition of an additional communication method. If the customer requests this requested notice by the end of the calendar year to which the 1099-DA statement relates, proposed §1.6045-1(k)(5)(ii)(B)(*1*) would require the broker to send this requested notice to the customer on paper using the physical delivery method chosen by the broker (that is, by mail or any private delivery service). The broker may also offer to send this requested notice to the customer using any of the electronic delivery methods described in proposed §1.6045-1(k)(5)(ii)(C)(*1*)(*i*) through (*iv*). Regardless of whether the broker offers to send the notice by electronic delivery, proposed §1.6045-1(k)(5)(ii)(C) would require brokers to offer at least one type of physical delivery method. *See* Part I.C.1. of this *Explanation of Provisions*, for a discussion of the definition of an additional communication method. As discussed in Part I.C.1. of this *Explanation of Provisions*, the tax administration benefits for the IRS and customers requesting these requested notices should outweigh the costs to brokers of providing them because these requested notices should be short communications as opposed to potentially lengthy 1099-DA statements. Finally, proposed §1.6045-1(k)(5)(ii)(B)(*4*) would require these requested notices include the following statement in capital letters, "IMPORTANT TAX RETURN DOCUMENT AVAILABLE." In addition, the email to which a 1099-DA statement is attached must include this statement on the subject line of the email. If the customer requests a requested notice, this statement must be included prominently in the message of that requested notice. This rule is included to ensure that these customers are made aware that they have received these important communications.

3. Undeliverable Communications Regarding 1099-DA Statements

Proposed §1.6045-1(k)(5)(ii)(A)(*2*) and (k)(5)(ii)(B)(*2*) set forth rules for what a broker must do if the broker's electronically delivered notice or transmittal is returned to the broker as undeliverable.

a. Communications regarding posted 1099-DA statements

Under proposed §1.6045-1(k)(5)(ii)(A)(*2*), if a broker's electronically delivered notice regarding an original 1099-DA statement posted to an electronically accessible specified location is returned to the broker as undeliverable, the broker would generally be required to send the notice by mail or private delivery service within 30 days of receiving that undeliverable response. Under proposed §1.6045-1(k)(5)(ii)(A)(*2*)(*ii*), the broker would be able to avoid sending the notice by mail or private delivery service if the broker resends the emailed notice to a corrected email address for the customer within 30 days of the receipt of the undeliverable communication and that resent notice is not returned as undeliverable. These rules are included to ensure that the customer will receive the notice regarding the 1099-DA statement in a timely fashion.

Proposed §1.6045-1(k)(5)(ii)(A)(*3*) would require the broker to send a notice regarding the posting of a corrected 1099-DA statement by mail or private delivery service if the broker previously received a communication that the original notice (regarding the original 1099-DA statement) was returned as undeliverable and the broker was unable to obtain a correct email address for the customer. This proposed rule requiring the mailing of the notice in this case is similar to the notice requirement rule for corrected W-2 payee

statements in §31.6501-1(j)(5)(iii).[10] Unlike the rules in §31.6501-1(j)(5)(iii), proposed §1.6045-1(k)(5)(ii)(A)(*3*) would enable a broker to avoid sending the notice regarding the posting of a corrected 1099-DA statement by mail or private delivery service if the broker sends the customer within five business days of the posting of the corrected 1099-DA statement an email notice regarding that statement to a corrected email address for the customer that is not returned as undeliverable. These rules are included in these proposed regulations to ensure that the customer will receive the notice regarding the corrected 1099-DA statement in a timelier fashion.

The Treasury Department and the IRS considered but declined to propose a rule that would allow brokers that send requested notices to customers to avoid mailing notices to customers when emailed notices are returned as undeliverable for several reasons. First, mail and email are the most common communication methods, with most digital asset customers at least aware that unexpected communications could be sent in this manner. Second, many of the additional communication methods do not have an undeliverable feature that would enable the broker to know whether the customer received the communication. Third, while brokers might be able to use technology to determine if the communication was opened, monitoring which customers opened these communications would likely be more burdensome than mailing the notices. Comments are requested regarding the reliability of these other communication methods in making the customer aware of their important tax documents.

b. Communications regarding direct transmittals of 1099-DA statements

As discussed in Part I.C.2. of this *Explanation of Provisions*, the 2004 Final Regulations under section 6051 did not provide any rules for brokers that attach payee statements to emails. Because it is important to provide brokers with clear rules for whichever qualified electronic delivery method they adopt, these proposed regulations would include rules for brokers that furnish 1099-DA statements by attaching them to emails that are similar to those that apply to brokers that furnish 1099-DA statements by posting them to electronically accessible specified locations. Accordingly, proposed §1.6045-1(k)(5)(ii)(B)(*1*) would require the email to which the 1099-DA statement is attached to contain information similar to that which the notice required under proposed §1.6045-1(k)(5)(ii)(A)(*1*) would be required to contain. Additionally, under proposed §1.6045-1(k)(5)(ii)(B)(*2*), if a broker's direct transmittal of an original 1099-DA statement is returned to the broker as undeliverable, the broker would be required to send the original 1099-DA statement to the customer by mail or private delivery service within 30 days of receiving that undeliverable response unless the broker sends another email to which the 1099-DA statement is attached within five business days of receipt of the undeliverable communication to a corrected email address for the customer that is not returned as undeliverable.

The Treasury Department and the IRS are aware that the consequence of an undeliverable direct transmittal of a 1099-DA statement by email under this rule could be costly if the broker is unable to obtain a corrected email address for the customer that is not returned as undeliverable because the broker would be required to provide a paper 1099-DA statement to the customer. Comments are requested regarding whether brokers anticipate using the direct transmittal method of delivery, whether this consequence of an undeliverable direct transmittal of a 1099-DA statement makes the direct transmittal method not viable, and whether the direct transmittal method should be removed from the final regulations as a qualified electronic delivery method. Comments are also requested regarding whether there are other less burdensome alternatives for brokers choosing to furnish 1099-DA statements using the direct transmittal method when emails to which the 1099-DA statements are attached are returned as undeliverable. Finally, comments are requested addressing whether there are any other methods of electronically delivering the 1099-DA statements that should be included as a qualified electronic delivery method.

4. Corrected 1099-DA Statements

The regulations under §31.6051-1(j) include rules for furnishers that are required to furnish corrected payee statements. Specifically, under §31.6051-1(j)(5)(iii), if the furnisher electronically furnished the original payee statement, the furnisher must also electronically furnish the corrected payee statement. The proposed rules adopt a similar rule for brokers required to furnish corrected 1099-DA statements. Thus, under proposed §1.6045-1(k)(5)(ii), if a broker has corrected a customer's 1099-DA statement, the broker would be required to furnish the corrected 1099-DA statement using the same delivery method that the broker used to furnish the original 1099-DA statement for that delivery method to be treated as a qualified electronic delivery method.

Additionally, under the proposed regulations, any required or requested notice that the broker was required to provide to the customer regarding the availability of the original 1099-DA statement (either because it has been posted to an electronically accessible specified location or directly transmitted) must also be provided with respect to the availability of the corrected 1099-DA statement. *See* proposed §1.6045-1(k)(5)(ii)(A)(*3*) and (k)(5)(ii)(B)(*3*). In addition, proposed §1.6045-1(k)(5)(ii)(A)(*3*) and (k)(5)(ii)(B)(*3*) would require the broker to provide any required and requested notices regarding the availability of the corrected 1099-DA statement within five business days from the date the corrected 1099-DA statement has either been posted to an electronically accessible specified location or attached to, or otherwise included with, an email sent to the customer. This five-business day rule, instead of the 30-day rule generally applicable to communications relating to the original 1099-DA statement, is proposed to provide customers enough time to prepare and timely file their tax returns after receiving the corrected 1099-

[10] Section 4.6 of Publication 1179 does not specifically address the notice requirements for corrected payee statements, but cross references readers to §31.6051-1(j) for more information.

DA statements. Accordingly, under these proposed rules, if the original 1099-DA statement was posted on the broker's website, then the broker must also post the corrected 1099-DA statement on the broker's website and provide to the customer the required notice and, if applicable, the requested notice regarding that corrected posting within five business days of that posting. Alternatively, if the original 1099-DA statement was directly transmitted to a customer, the broker must directly transmit the corrected 1099-DA statement and, if applicable, the requested notice notifying the customer of that transmittal, within five business days of that transmittal. Comments are requested regarding the shortened notice requirement for corrected 1099-DA statements. *See* Part I.C.3. of this *Explanation of Provisions* for a discussion of the broker's obligations with respect to the corrected 1099-DA statement if a previous email regarding the original 1099-DA statement was returned as undeliverable.

D. *Continuing disclosures*

The rules under §31.6051-1(j)(3) and the guidance under section 4.6.2 of Publication 1179 do not include any continuing disclosure requirements after consent is given. However, because certain information that is included in the pre-consent disclosure as well as certain other information is more relevant to customers after the consent is provided, this information should be available to customers on an ongoing basis (continuing disclosures) after consent is provided so that customers can get the answers to their questions or change their contact information when appropriate. Accordingly, proposed §1.6045-1(k)(5)(iv)(A) would require the broker to provide a location, such as on the broker's website, mobile device application, or other online platform, where customers can generally find updated versions of the pre-consent disclosure information proposed §1.6045-1(k)(5)(iii)(C)(*1*) through (*7*) through the period of time that customers would need to access their 1099-DA statements. *See* Part I.B.3. of this *Explanation of Provisions* for a discussion of this pre-consent disclosure information and Part I.F. of this *Explanation of Provisions* for a discussion of the access period through which this updated information should be provided.

In addition, proposed §1.6045-1(k)(5)(iv)(A) would also require the broker to provide to the customer on an ongoing basis four additional items of information that are typically not relevant to the customer at the time of consent. Proposed §1.6045-1(k)(5)(iv)(A) would permit the information included in the continuing disclosures to generally be provided by the broker to the customer on the broker's website, mobile device application, or other online platform.

Like the concern discussed in Part I.B.3. of this *Explanation of Provisions* with respect to customers that transact with brokers exclusively through one or more physical electronic terminals or kiosks and customers that transact with PDAP brokers, the Treasury Department and the IRS are concerned that these customers will not have access to the continuing disclosures if they are made available only on the broker's website, mobile device application, or other online platform. Accordingly, to ensure that these customers have access to the continuing disclosures, proposed §1.6045-1(k)(5)(iv)(A) would provide that PDAP brokers and brokers that transact exclusively with a customer through one or more physical electronic terminals or kiosks must also provide the continuing disclosures to their customer by email, mail, or private delivery service within five business days of the customer's explicit action to provide consent. Additionally, if a PDAP broker or a broker that transacts exclusively with a customer through one or more physical electronic terminals or kiosks updates the information in the continuing disclosures, proposed §1.6045-1(k)(5)(iv)(A) would provide that the broker must also provide updated versions of the continuing disclosures to the customer by email, mail, or private delivery service within five business days of posting the updated version of the continuing disclosures to the broker's website, mobile device application, or other online platform. Finally, to the extent the customer requested to receive the disclosure statement using an additional communication method at the time of consent or anytime thereafter, proposed §1.6045-1(k)(5)(iv)(A) would require the broker to also send the continuing disclosure statement and any updated versions of that statement to the customer using the additional communication method requested by the customer. *See* Part I.C. of this *Explanation of Provisions* for a discussion of why customers should be given the opportunity to request that these disclosure statements be sent using an additional communication method. Comments are requested regarding this additional requirement for continuing disclosures for PDAP brokers and brokers that transact with customers exclusively through one or more physical terminals or kiosks.

The additional information that would be included in the continuing disclosures are described in proposed §1.6045-1(k)(5)(iv)(B) through (E). First, proposed §1.6045-1(k)(5)(iv)(B) would require the broker to provide a description of the procedures for customers to update the information needed by the broker to send the customer the required and requested notices that the 1099-DA statement has been posted to a specified location that is electronically accessible, the email to which the 1099-DA statement is attached, or the requested notice informing the customer that the customer's 1099-DA statement has been transmitted. Second, proposed §1.6045-1(k)(5)(iv)(C) would require the broker to provide the broker's contact information in the event the customer has questions about the consent or about the customer's 1099-DA statement. Third, proposed §1.6045-1(k)(5)(iv)(D) would require the broker to provide a description of the procedures for asking for the requested notices required to be offered by proposed §1.6045-1(k)(5)(ii)(A)(*1*) (that the customer's 1099-DA statements have been posted to an electronically accessible specified location) or by proposed §1.6045-1(k)(5)(ii)(B)(*1*) (that the customer's 1099-DA statement has been transmitted) using an additional communication method. Finally, for brokers that will furnish 1099-DA statements by posting them to an electronically accessible specified location, proposed §1.6045-1(k)(5)(iv)(E) would require the broker to provide information about the period of time that the broker will keep 1099-DA statements and corrected 1099-DA statements posted to that specified location. This must include the date when the 1099-DA statements will no longer

be available at the specified location and a description of the procedures for customers to obtain 1099-DA statements and corrected 1099-DA statements that are no longer available at the specified location.

E. *Format*

Like the format requirement in §31.6051-1(j)(4), proposed §1.6045-1(k)(5)(v) would require that the electronic version of a 1099-DA statement furnished to a customer contain all required information and comply with applicable revenue procedures relating to substitute statements.

F. *Access period*

Once electronically furnished 1099-DA statements have been posted to an electronically accessible specified location, such as the broker's website, mobile device application, or other online platform, it is essential that 1099-DA statements remain available for customers' use throughout the tax return filing season. Accordingly, similar to the access rules provided in §31.6051-1(j)(6), proposed §1.6045-1(k)(5)(vi) would require brokers to maintain access for customers to 1099-DA statements posted on a website through October 15 of the year following the calendar year to which the 1099-DA statements relate. Additionally, proposed §1.6045-1(k)(5)(vi) would require brokers to maintain access for customers to corrected 1099-DA statements that are posted on the broker's website through October 15 of the year following the calendar year to which the statements relate or the date that is 90 days after the corrected statements are posted, whichever is later. The normal rules under section 7503 of the Code for when the last day prescribed for performing an act falls on a Saturday, Sunday, or a legal holiday would apply to these deadlines. Thus, for example, if October 15 falls on a Saturday, Sunday, or legal holiday, the 1099-DA statements would be required to be retained on the broker's website until the first business day after such October 15.

Finally, it is important that customers seeking to amend their timely filed tax returns have access to their 1099-DA statements during the general three-year period of limitations on assessment under section 6501(a) and also during the six-year period of limitations on assessment under section 6501(e) for substantial omissions from gross income. These statute of limitations periods will generally begin to apply for most individual taxpayers after the April 15 filing due date for Federal income tax returns. Accordingly, because the due date for furnished 1099-DA statements is February 15 of the calendar year following the year of the digital asset sale transaction, proposed §1.6045-1(k)(5)(vi) would require brokers to retain and make available to customers upon request previously furnished 1099-DA statements for seven years from the date the 1099-DA statements are required to be furnished or (if later) the date that the 1099-DA statements are actually furnished to ensure that their customers will have access to all the records they need during the six years that the period of limitations is open. Requiring brokers to provide access to these statements for seven years from their furnishing would also assist taxpayers who have not complied with Federal tax return filing obligations, and for whom the statute of limitations is open indefinitely under section 6501(c)(3). Seven years strikes a reasonable balance for individual taxpayer compliance and the burden on brokers for retaining this information.

Comments are requested regarding whether this additional retention requirement creates any undue burdens for brokers.

II. *Electronic Furnishing of Consolidated Reporting Statements*

The proposed regulations generally leave in place the existing consolidated reporting statement rules in §1.6045-1(k)(3), which requires that any furnished statements included with a consolidated reporting statement required to be furnished under section 6045 be based on the same relationship of broker or barter exchange to customer as the statement required to be furnished under section 6045. Proposed §1.6045-1(k)(3) would amend existing §1.6045-1(k)(3) by adding paragraph headings to existing §1.6045-1(k)(3)(i) and (ii).

Proposed §1.6045-1(k)(3)(iii) would add rules regarding when a consolidated reporting statement is permitted to be furnished electronically. Under these proposed rules, a broker would be permitted to furnish a consolidated reporting statement in an electronic format in lieu of on paper if it has obtained consent from the customer under the applicable rules for consent for each of the statements to be included in the consolidated reporting statement. Therefore, to combine a 1099-B statement with respect to a sale of stock and a 1099-DA statement with respect to a sale of digital assets in an electronically furnished consolidated reporting statement, the broker would need to obtain consent from the customer with respect to the electronic furnishing of the 1099-B statement under the guidance set forth in section 4.6.2 of Publication 1179 (which generally follows the rules under §31.6051-1(j)) and consent from the customer with respect to the electronic furnishing of the 1099-DA statement either under the guidance set forth in section 4.6.2 of Publication 1179 or the rules set forth in proposed §1.6045-1(k)(5). Proposed §1.6045-1(k)(5)(vii) would provide an example illustrating the application of this rule to facts involving a broker required to furnish both a 1099-B statement and a 1099-DA statement to the same customer. Comments are requested regarding whether the receipt from the same broker of a paper statement with respect to some payments and an electronic statement with respect to other payments could potentially lead to confusion for customers and whether brokers should be required to include a clear communication with each statement in such circumstances that another statement will be provided separately to minimize the risk of confusion.

III. *Electronic Furnishing of 1099-B Statements and Other Payee Statements*

The cost of furnishing 1099-B statements and other payee statements on paper can also result in compliance burdens to brokers. This is particularly true when customers engage in significant daily, and in some cases algorithmic, trading. However, unlike transactions involving digital assets, which are almost exclusively conducted through electronic means by a population comfortable trans-

acting in such medium, it is likely that some investors who engage in securities and commodities transactions will not have a similar level of comfort. Because it is essential to effective tax administration that all investors, including those uncomfortable with website technology, mobile device applications or other online platforms, or emailed attachments, have the ability to conveniently access their furnished 1099-B statements, these proposed regulations would only apply to brokers that are required to furnish 1099-DA statements reflecting information reportable to the IRS on Form 1099-DA and would not apply to any other payee statements.

The sale by a customer of an interest in a widely held fixed investment trust (WHFIT) that holds digital assets is reported to the IRS on Form 1099-B instead of on Form 1099-DA, and brokers are not required to furnish statements to customers reflecting information reportable to the IRS on Form 1099-DA. Accordingly, these new proposed consent rules would not apply to brokers that report information regarding their customers' sales of interests in WHFITs that hold digital assets to the IRS on Form 1099-B.

The Treasury Department and the IRS are, however, considering whether to propose less burdensome consent procedures for customers that receive a 1099-B statement and recipients that receive certain other payee statements. To facilitate the receipt of comments from the public regarding the issues involved with electronic furnishing of 1099-B statements and certain other payee statements more broadly, Notice 2026-4 is being issued contemporaneously with these proposed regulations to request comments on the broader issues involved in these other circumstances. This notice will be published in the Internal Revenue Bulletin. Comments regarding these other payee statements should not be submitted in response to these proposed regulations but instead should be submitted in accordance with the instructions provided in Notice 2026-4. Comments submitted on 1099-B statements or other payee statements will not be considered or incorporated into any final regulation that results from these proposed regulations.

Applicability Dates

The proposed regulations would apply to 1099-DA statements required to be furnished on or after January 1 of the calendar year immediately following [date of publication of final regulations in the **Federal Register**].

Special Analyses

I. *Regulatory Planning and Review*

These proposed regulations are not subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (July 4, 2025) between the Treasury Department and the Office of Management and Budget regarding review of tax regulations.

II. *Paperwork Reduction Act*

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) (PRA) generally requires that a Federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the OMB.

The collection of information in these proposed regulations contain third party information reporting and recordkeeping requirements. The collection of information contained in proposed §1.6045-1(k) is required only if a person required to furnish a taxpayer with a 1099-DA statement chooses to furnish that statement electronically under the proposed regulations instead of on paper or electronically under existing guidance set forth in Publication 1179 permitting electronic furnishing of payee statements. The collected information will be used by the broker to determine whether the broker's customer has consented to receive the 1099-DA statement electronically. Additionally, if a broker's customer has consented to receive the 1099-DA statement electronically, proposed §1.6045-1(k) would require the retention of information for a period that is longer than the access period required under §1.6051-1(j)(6) and set forth in section 4.3.6 of Publication 1179.

The proposed regulations mention third party information reporting and recordkeeping requirements related to the disposition of digital assets, as detailed in §1.6045-1(k). The burden for these requirements is included with the Form and Instructions for Form 1099-DA, *Digital Asset Proceeds From Broker Transactions*. The Form and Instructions for Form 1099-DA are already approved by OMB under control number 1545-2330. These proposed regulations are not creating or changing these already approved collections.

III. *Regulatory Flexibility Act*

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that this proposed regulation will not have a significant economic impact on a substantial number of small entities. The proposed regulation would affect brokers, which may meet the definition of "small entity" in 5 U.S.C. 601(6). However, because these proposed regulations would provide brokers with an additional option for electronically furnishing payee statements, the certification is based on this proposed regulation not imposing any additional obligations on small entities than that which is already imposed by existing regulations and Form 1099-DA.

IV. *Submission to Small Business Administration*

Pursuant to section 7805(f), this notice of proposed rulemaking has been submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business.

V. *Unfunded Mandates Reform Act*

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of $100 million in 1995 dol-

lars, updated annually for inflation. This proposed regulation does not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

VI. *Executive Order 13132: Federalism*

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. This proposed regulation does not have federalism implications, does not impose substantial direct compliance costs on State and local governments, and does not preempt State law within the meaning of the Executive order.

Comments and Requests for a Public Hearing

Before these proposed amendments to the regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the **ADDRESSES** heading. The Treasury Department and the IRS request comments on all aspects of the proposed rules. All comments that are submitted by the public will be made available at *https://www.regulations.gov*. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn.

A public hearing will be scheduled if requested in writing by any person who timely submits electronic or written comments. Requests for a public hearing also are encouraged to be made electronically. If a public hearing is scheduled, notice of the date and time for the public hearing will be published in the **Federal Register**.

Statement of Availability of IRS Documents

IRS Revenue Procedures, Revenue Rulings, Notices and other guidance cited in this document are published in the Internal Revenue Bulletin and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at *https://www.irs.gov*.

Drafting Information

The principal authors of these regulations are Roseann Cutrone and Jessica Chase, Office of the Associate Chief Counsel (Procedure and Administration). However, other personnel from the Treasury Department and the IRS participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 1 as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by removing the first occurrence of the entry for §1.6045-1 to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

* * * * *

Section 1.6045-1 also issued under 26 U.S.C. 6045(a).

* * * * *

Par. 2. Section 1.6045-0 is amended by, in the table of contents for §1.6045-1:

1. Adding entries for paragraphs (k)(3)(i) through (iv);
2. Removing and reserving the entry for paragraph (k)(4); and
3. Adding entries for paragraphs (k)(5) through (7).

The revisions and additions read as follows:

§1.6045-0 Table of contents.

* * * * *

§1.6045-1 Returns of information of brokers and barter exchanges.

* * * * *

(k) * * *

(3) * * *

(i) In general.

(ii) Due date for furnishing consolidated reporting statements.

(iii) Electronic furnishing of consolidated reporting statements.

(iv) Examples.

* * * * *

(5) Electronic furnishing of 1099-DA statements.

(i) In general.

(ii) Qualified electronic delivery method.

(A) Posted to an electronically accessible specified location.

(*1*) In general.

(*2*) Undeliverable address.

(*3*) Corrected 1099-DA statement.

(*4*) Required information for notices.

(B) Direct transmittal.

(*1*) In general.

(*2*) Undeliverable address.

(*3*) Corrected 1099-DA statement.

(*4*) Required information for emails and notices.

(C) Additional communication method.

(iii) Consent.

(A) In general.

(B) Change in hardware or software requirements.

(C) Disclosure statement.

(*1*) Scope of consent.

(*2*) Hardware and software requirements.

(*3*) Qualified electronic delivery method.

(*4*) Notification method.

(*5*) Consequences of non-consent.

(*6*) Withdrawal of consent.

(*7*) Further information.

(D) Examples.

(iv) Continuing disclosures.

(A) In general.

(B) Updating information.

(C) Broker information.

(D) Additional communication methods for requested notices.

(E) Access procedures for statements posted to an electronically accessible specified location.

(v) Format.

(vi) Access period for statements posted to an electronically accessible specified location.

(vii) Example of rules for electronic furnishing of consolidated reporting statements.

(6) Applicability date.

(7) Cross-reference to penalty.

* * * * *

Par. 3. Section 1.6045-1 is amended by:

1. Revising and republishing paragraph (k)(1);

2. Adding paragraph headings to paragraphs (k)(3)(i) and (ii);

3. Redesignating paragraph (k)(3)(iii) as paragraph (k)(3)(iv);

4. Adding new paragraph (k)(3)(iii);

5. In newly redesignated paragraph (k)(3)(iv), designating *Examples 1* through *4* as paragraphs (k)(3)(iv)(A) through (D), respectively;

6. In newly designated paragraph (k)(3)(iv)(B), removing the language "Assume the same facts as in *Example 1*" and adding the language "The facts are the same as in paragraph (k)(3)(iv)(A) of this section (the facts in *Example 1*)" in its place;

7. In newly designated paragraph (k)(3)(iv)(D), removing the language "Assume the same facts as in *Example 3*" and adding the language "The facts are the same as in paragraph (k)(3)(iv)(C) of this section (the facts in *Example 3*)" in its place;

8. Redesignating paragraph (k)(4) as paragraph (k)(7);

9. Adding and reserving new paragraph (k)(4); and

10. Adding paragraphs (k)(5) and (6).

The revisions and additions read as follows:

§1.6045-1 Returns of information of brokers and barter exchanges.

* * * * *

(k) * * *

(1) *General requirements*. A broker or barter exchange making a return of information under this section must furnish to the person whose identifying number is (or is required to be) shown on the return (customer) a written statement showing the information required to be reported under this section and containing a legend stating that the information is being reported to the Internal Revenue Service. If the return of information is not made on magnetic media or in electronic form, this requirement may be satisfied by furnishing to the customer a copy of all Forms 1099 or any successor form for the customer filed with the Internal Revenue Service Center. A statement is considered to be furnished to a customer if it is mailed to the customer using any mail or private delivery service chosen by the broker at the last address of the person known to the broker or barter exchange. *See* paragraph (k)(5) of this section for rules regarding when certain written statements described in this paragraph (k)(1) may be furnished to a customer in an electronic format.

* * * * *

(3) * * *

(i) *In general*. * * *

(ii) *Due date for furnishing consolidated reporting statements*. * * *

(iii) *Electronic furnishing of consolidated reporting statements*. A broker may furnish a consolidated reporting statement described in this paragraph (k)(3) in an electronic format in lieu of a paper format if it has met the applicable requirements for consent and other associated rules under either the procedures set forth in the applicable revenue procedures relating to electronic delivery of payee statements generally or by following the rules set forth in paragraph (k)(5) of this section relating to electronic delivery by a broker of payee statements showing the information required to be reported to the IRS on Form 1099-DA, *Digital Asset Proceeds From Broker Transactions*, or successor form (1099-DA statements), as applicable, to be treated as furnishing each of the statements included in the consolidated reporting statements in a timely manner.

* * * * *

(4) [Reserved]

(5) *Electronic furnishing of 1099-DA statements*—(i) *In general*. A broker required by section 6045(b) and this paragraph (k) to furnish a written statement showing the information required to be reported to the IRS on Form 1099-DA, *Digital Asset Proceeds From Broker Transactions*, or successor form (1099-DA statement) to a customer may furnish the 1099-DA statement in an electronic format in lieu of a paper format either by following the procedures set forth in the applicable revenue procedures relating to electronic delivery of payee statements or by using a qualified electronic delivery method as defined in paragraph (k)(5)(ii) of this section and meeting the requirements set forth in paragraphs (k)(5)(iii) through (vi) of this section. A broker that meets the requirements set forth in paragraphs (k)(5)(iii) through (vi) of this section and that furnishes a 1099-DA statement using a qualified electronic delivery method described in paragraph (k)(5)(ii)(A)(*1*) of this section (posting to an electronically accessible specified location) is treated as furnishing the required 1099-DA statement on the last of the following three dates: the date that the broker sends to the customer the required notice by email informing the customer that the customer's 1099-DA statement has been so posted; the date that the broker sends to the customer the requested notice, if requested by the customer in the manner described in paragraph (k)(5)(ii)(A)(*1*) of this section; and the date that the broker posts the customer's 1099-DA statement to an electronically accessible specified location as described in paragraph (k)(5)(ii)(A)(*1*) of this section. A broker that meets the requirements set forth in paragraphs (k)(5)(iii) through (vi) of this section and who furnishes a 1099-DA statement using a qualified electronic delivery method described in paragraph (k)(5)(ii)(B)(*1*) of this section (direct transmittal) is treated as furnishing the required 1099-DA statement on the later of the date that such transmittal is sent to the customer or the date that the broker sends to the customer the requested notice informing the customer that the customer's 1099-DA statement has been transmitted as described in paragraph (k)(5)(ii)(B)(*1*) of this section, if requested by the customer in the manner described in paragraph (k)(5)(ii)(B)(*1*) of this section.

(ii) *Qualified electronic delivery method*. For purposes of this paragraph (k)(5), a *qualified electronic delivery method* means either of the delivery methods described in paragraphs (k)(5)(ii)(A) and (B) of this section. If the broker has corrected a customer's 1099-DA statement, to be treated as furnishing the corrected 1099-DA statement using a qualified electronic delivery method, the corrected 1099-DA statement must be furnished using the same qualified electronic delivery method by which the original 1099-DA statement was furnished.

(A) *Posted to an electronically accessible specified location—*(*1*) *In general*. A *qualified electronic delivery method* means the posting of a 1099-DA state-

ment to an electronically accessible specified location, such as the broker's website, mobile device application, or other online platform, if the broker provides the customer with a notice containing the information described in paragraph (k)(5)(ii)(A)(*4*) of this section that the 1099-DA statement has been posted. Except as provided in paragraph (k)(5)(ii)(A)(*2*) of this section, this notice must be sent to the customer by email. In addition, the broker must provide the customer with the opportunity to receive another notice from the broker using an additional communication method described in paragraph (k)(5)(ii)(C) of this section if requested by the customer not later than the end of the calendar year to which the 1099-DA statement relates (requested notice).

(*2*) *Undeliverable address*. Except in the case of a notice that a corrected 1099-DA statement has been posted to an electronically accessible specified location, the broker must furnish to the customer a notice that an original 1099-DA statement has been posted to the electronically accessible specified location by any mail or private delivery service chosen by the broker within 30 days after an emailed notice is returned to the broker as undeliverable unless prior to that date the broker sends to the customer another email notice to a corrected email address that is not returned as undeliverable.

(*3*) *Corrected 1099-DA statement*. If the broker has corrected a customer's 1099-DA statement, the broker must provide the customer with notice that the corrected 1099-DA statement has been posted to the electronically accessible specified location within five business days of such posting. The broker must send this notice to the customer by email. In addition, if the customer asked for a requested notice described in paragraph (k)(5)(ii)(A)(*1*) of this section, the broker must also send the notice regarding the posting of the corrected 1099-DA statement to the customer using the same additional communication method as that used for the requested notice regarding the original 1099-DA statement. A notice that a corrected 1099-DA statement has been posted to the electronically accessible specified location must be sent to the customer using any mail or private delivery service chosen by the broker if the emailed notice regarding the original 1099-DA statement was returned as undeliverable unless the broker sends within five business days of such posting an email notice regarding the corrected 1099-DA statement to a corrected email address for the customer that is not returned as undeliverable.

(*4*) *Required information for notices*. Any notice required by paragraphs (k)(5)(ii)(A)(*1*) through (*3*) of this section must include instructions on how to access, download, and print the 1099-DA statement. The notice must also include the following statement in capital letters, "IMPORTANT TAX RETURN DOCUMENT AVAILABLE." A notice provided by email must include the foregoing statement on the subject line of the email. A requested notice described in paragraph (k)(5)(ii)(A)(*1*) of this section must include the foregoing statement prominently in the message of that requested notice.

(B) *Direct transmittal—*(*1*) *In general*. A *qualified electronic delivery method* also includes the transmittal of a 1099-DA statement directly to the customer by means of being attached to, or otherwise included with, an email containing the information described in paragraph (k)(5)(ii)(B)(*4*) of this section. A broker that transmits the 1099-DA statement to the customer under this paragraph (k)(5)(ii)(B)(*1*) must offer the customer the opportunity to request a notice from the broker informing the customer that the customer's 1099-DA statement has been transmitted by email (requested notice). If this notice is requested by the customer by the end of the calendar year to which the 1099-DA statement relates, the broker must send the requested notice to the customer using the customer's choice of additional communication methods described in paragraph (k)(5)(ii)(C) of this section. This requested notice must also contain the information described in paragraph (k)(5)(ii)(B)(*4*) of this section.

(*2*) *Undeliverable address*. Except in the case of a direct transmittal of a corrected 1099-DA statement, the broker must furnish the original 1099-DA statement to the customer using any mail or private delivery service chosen by the broker within 30 days after the email to which the 1099-DA statement is attached is returned as undeliverable unless the broker sends another email to which the 1099-DA statement is attached within five business days of receipt of the undeliverable communication to a corrected email address for the customer that is not returned as undeliverable.

(*3*) *Corrected 1099-DA statement*. If the broker has transmitted a corrected 1099-DA statement to a customer that has asked for a requested notice described in paragraph (k)(5)(ii)(B)(*1*) of this section by the end of the calendar year to which the 1099-DA statement relates, the broker must also provide that customer within five business days of the transmittal with the requested notice of the transmittal of the corrected 1099-DA statement using the same additional communication method as that used for the requested notice regarding the original 1099-DA statement. The broker must furnish a corrected 1099-DA statement using any mail or private delivery service chosen by the broker if the email to which the original 1099-DA statement was attached was returned as undeliverable unless the broker sends another email to which the corrected 1099-DA statement is attached within five business days of receipt of the undeliverable communication to a corrected email address for the customer that is not returned as undeliverable.

(*4*) *Required information for emails and notices*. An email to which a 1099-DA statement is attached and any requested notice required by paragraphs (k)(5)(ii)(B)(*1*) and (*3*) of this section must include instructions on how to access, download, and print the 1099-DA statement. The email to which a 1099-DA statement is attached and the requested notice must also include the following statement in capital letters, "IMPORTANT TAX RETURN DOCUMENT AVAILABLE." The email to which a 1099-DA statement is attached must include the foregoing statement on the subject line of the email. A requested notice described in paragraph (k)(5)(ii)(B)(*1*) of this section must include the foregoing statement prominently in the message of that requested notice.

(C) *Additional communication method*. For purposes of this section, a communication will be treated as sent using an *additional communication method* if the broker sends the communication to the customer using the customer's choice of

physical delivery in the manner described in paragraph (k)(5)(ii)(C)(*2*) of this section or, to the extent offered by the broker, electronic delivery to the locations in the manner described in paragraph (k)(5)(ii)(C)(*1*) of this section.

(*1*) *Electronic delivery*. A communication is sent by electronic delivery if it is sent to any of the following locations--

(*i*) To the customer's cellular phone number;

(*ii*) To the customer's in-account messaging system with the broker (including in-application and in-website messaging);

(*iii*) To the customer's cellular device in a manner that can be viewed when the customer's account application with the broker is not open;

(*iv*) To any other electronic messaging address.

(*2*) *Physical delivery*. A communication is sent by physical delivery if it sent by way of any mail or private delivery service chosen by the broker.

(iii) *Consent*—(A) *In general*. The customer must positively consent to receive the 1099-DA statement in an electronic format. The consent may be made electronically in any manner that requires the customer to take an explicit action to provide consent, such as by checking a box, clicking a button, or completing a fill-in screen. The customer's consent to receive the 1099-DA statement in an electronic format must relate solely to the 1099-DA statement and be separate from any other consent provided by the customer. In addition, prior to, or at the time of, a customer's consent, the broker must provide to the customer a clear and conspicuous disclosure statement in the manner set forth in paragraph (k)(5)(iii)(C) of this section, containing each of the disclosures set forth in paragraphs (k)(5)(iii)(C)(*1*) through (*7*) of this section.

(B) *Change in hardware or software requirements*. If the broker intends to adopt a change in the method by which the customer will need to access, download, and print the 1099-DA statement furnished in the electronic format, including the hardware or software the customer will need to conduct these functions, and that change creates a material risk that the customer would need to purchase or otherwise obtain new hardware or acquire or otherwise download new software to access the 1099-DA statement in the new electronic format, before implementing the change, the broker must obtain a new consent to receive the 1099-DA statement in the new electronic format from the customer in the manner described in paragraph (k)(5)(iii)(A) of this section and must provide to the customer a disclosure statement containing updated disclosures of the information set forth in paragraph (k)(5)(iii)(C) of this section through the access period described in paragraph (k)(5)(vi) of this section with respect to that customer.

(C) *Disclosure statement*. The clear and conspicuous disclosure statement required to be provided to the customer prior to, or at the time of, a customer's consent pursuant to paragraph (k)(5)(iii)(A) of this section, may be provided by the broker in any manner that is part of the consent solicitation, including as a link to another page on the broker's website, mobile device application, or other online platform. Notwithstanding the previous sentence, a broker that transacts with a customer exclusively through one or more physical electronic terminals or kiosks and a broker that effects sales of digital assets for a customer as a processor of digital asset payments as defined in paragraph (a)(22) of this section must also send this disclosure statement to the customer by email or using any mail or private delivery service chosen by the broker within five business days of the customer's explicit action to provide consent as described in paragraph (k)(5)(iii)(A) of this section. Additionally, the broker must provide the customer with the opportunity to receive the disclosure statement using an additional communication method described in paragraph (k)(5)(ii)(C) of this section if requested by the customer at the time of consent. The disclosure statement provided to the customer prior to, or at the time of, a customer's consent must include the information described in paragraphs (k)(5)(iii)(C)(*1*) though (*7*) of this section.

(*1*) *Scope of consent*. The disclosure statement must inform the customer that the provided consent shall apply to all 1099-DA statements required to be furnished by the broker.

(*2*) *Hardware and software requirements*. The disclosure statement must describe the method by which the customer will need to access, download, and print the 1099-DA statement furnished in the electronic format, including the hardware or software the customer will need to conduct these functions.

(*3*) *Qualified electronic delivery method*. The disclosure statement must describe the specific qualified electronic delivery method that the broker will use to furnish the 1099-DA statement to the customer.

(*4*) *Notification method*. If the broker will furnish the 1099-DA statement using a qualified electronic delivery method described in paragraph (k)(5)(ii)(A) of this section (posting to an electronically accessible specified location), the disclosure statement must specify that the broker will notify the customer by email that the 1099-DA statement has been posted to the electronically accessible specified location and that the customer may ask for a requested notice described in paragraph (k)(5)(ii)(A)(*1*) of this section using an additional communication method pursuant to procedures set forth at a location described in paragraph (k)(5)(iii)(C)(*7*) of this section. The disclosure statement must also provide that the customer may change the additional communication method selected for this requested notice pursuant to procedures set forth at a location described in paragraph (k)(5)(iii)(C)(*7*) of this section. If the broker will furnish the 1099-DA statement using a qualified electronic delivery method described in paragraph (k)(5)(ii)(B)(*1*) of this section (direct transmittal), the disclosure statement must offer the customer the opportunity to ask for a requested notice using an additional communication method informing the customer that the customer's 1099-DA statement has been transmitted. The disclosure statement must provide that the customer may change the additional communication method selected for this requested notice pursuant to procedures set forth at a location described in paragraph (k)(5)(iii)(C)(*7*) of this section.

(*5*) *Consequences of non-consent*. If the broker intends to limit the services available to a customer that does not provide consent, such as not effecting future sales for the customer, the disclosure statement must inform the customer of this intention.

(*6*) *Withdrawal of consent*. If the broker does not offer the customer the opportunity to withdraw a previously provided consent, the disclosure statement must inform the customer of this intention. Additionally, if the broker does offer the customer the opportunity to withdraw a previously provided consent, the disclosure statement must inform the customer of the procedures the customer must follow to withdraw a previously provided consent and when such withdrawal will be effective.

(*7*) *Further information*. The statement must describe the location, such as on the broker's website, mobile device application, or other online platform, where the customer can find the information included in the disclosure statement described in this paragraph (k)(5)(iii)(C) after providing the consent described in paragraph (k)(5)(iii)(A) of this section.

(D) *Examples*. The following examples illustrate the rules of this paragraph (k)(5)(iii):

(*1*) *Example 1*—(*i*) *Facts*. Broker (B) is a broker that operates a digital asset trading platform and provides hosted wallet services for customers. B's general terms and conditions shown to all customers using B's website or mobile device application include a "check box" which all customers must check to provide their agreement. During calendar year 1 (CY1), to obtain customer consent to receiving 1099-DA statements in an electronic format, B updates its general terms and conditions to include a clear and concise disclosure statement that provides the information described in paragraphs (k)(5)(iii)(C)(*1*) through (*7*) of this section. The updated general terms and conditions include a separate "check box" which all customers must check to provide their consent to receiving 1099-DA statements in an electronic format. Customer J (J) accesses B's mobile device application to make a transaction and checks a "check box" to agree to B's general terms and conditions and also checks the "check box" to consent to receiving 1099-DA statements in an electronic format.

(*ii*) *Analysis*. B's updated terms and conditions disclose to J all the information described in paragraphs (k)(5)(iii)(C)(*1*) through (*7*) of this section. Accordingly, B has satisfied the disclosure requirements set forth in paragraph (k)(5)(iii)(C) of this section. Additionally, by checking a box that relates solely to consenting to receiving 1099-DA statements in an electronic format and that is separate from any other consent provided by the customer, J has positively consented to receiving J's 1099-DA statements in an electronic format as required under paragraph (k)(5)(iii)(A) of this section.

(*2*) *Example 2*—(*i*) *Facts*. Broker (F) is a broker that operates a digital asset trading platform and provides hosted wallet services for customers. During calendar year 1 (CY1), F adds a pop-up screen that is shown to all customers and potential customers using F's website or mobile device application seeking consent from such customers to receiving 1099-DA statements in an electronic format. The pop-up screen includes a clear and concise disclosure statement that provides the information described in paragraphs (k)(5)(iii)(C)(*1*) through (*7*) of this section. The pop-up screen includes an "I agree" button that is separate from any other consent provided by the customer and on which all customers and potential customers must click to provide their consent. Customer R accesses F's mobile device application to make a transaction and clicks on the "I agree" button.

(*ii*) *Analysis*. F's pop-up screen discloses to R all the information described in paragraphs (k)(5)(iii)(C)(*1*) through (*7*) of this section. Accordingly, F has satisfied the disclosure requirements set forth in paragraph (k)(5)(iii)(C) of this section. Additionally, by clicking on the "I agree" button on F's pop-up screen, which is separate from any other consent provided by the customer, R has positively consented to receiving R's 1099-DA statements in an electronic format as required under paragraph (k)(5)(iii)(A) of this section.

(*3*) *Example 3*—(*i*) *Facts*. The facts are the same as in paragraph (k)(5)(iii)(D)(*2*) of this section (the facts in *Example 2*), except that the disclosure statement includes a statement that F will not effect future sales for customers that do not provide their consent to receive their 1099-DA statements in an electronic format. Additionally, R does not click on the "I agree" button.

(*ii*) *Analysis*. Because R did not click on the "I agree" button on F's pop-up screen, R has not consented to receive the 1099-DA statements electronically. Accordingly, although F may not be obligated to continue the business relationship with R, F must furnish R's 1099-DA statements reflecting any of R's sales previously effected by F in CY1 in a paper format.

(*4*) *Example 4*—(*i*) *Facts*. The facts are the same as in paragraph (k)(5)(iii)(D)(*2*) of this section (the facts in *Example 2*), except the disclosure statement provided to the customer includes language indicating that the 1099-DA statements will be furnished in XYZ electronic format and a statement that F will not effect future sales for customers that do not provide their consent to receive their 1099-DA statements in an electronic format. In calendar year 2 (CY2), after F effected digital asset sales on behalf of R, F makes the decision to change the software used to furnish the 1099-DA statements from XYZ software to ABC software. This change creates a material risk that existing customers would need to download new software to access the 1099-DA statements in the new ABC electronic format. F adds a revised pop-up screen to solicit a new consent to receiving 1099-DA statements in the new ABC electronic format. This pop-up screen will be shown to all customers and potential customers using F's website or mobile device application. The revised pop-up screen includes a clear and concise disclosure statement that provides the updated information set forth in paragraphs (k)(5)(iii)(C)(*1*) through (*7*) of this section, including a disclosure of the software needed to access the 1099-DA statements in the new ABC electronic format and a statement that F will not effect future sales for customers that do not provide their consent to receive their 1099-DA statements in the ABC electronic format. The revised pop-up screen includes an "I agree" button on which all customers and potential customers must click to provide their consent to receiving 1099-DA statements in an electronic format and does not address any other issues. Customer R does not click on this "I agree" button.

(*ii*) *Analysis*. Because R did not click on the "I agree" button, R has not consented to receive the 1099-DA statements electronically in the ABC format. Accordingly, although F may not be obligated to continue the business relationship with R, F must furnish R's 1099-DA statements reflecting any of R's sales previously effected by F in CY2 in the XYZ format.

(*5*) *Example 5*—(*i*) *Facts*. Broker (K) is a broker that operates physical electronic terminals (kiosks) that customers use to purchase and sell digital assets. During calendar year 1 (CY1), K adds a pop-up screen that is shown to all customers and potential customers using K's kiosk seeking consent from such customers to receiving 1099-DA statements in an electronic format. The pop-up screen includes a clear and concise disclosure statement that provides the information described in paragraphs (k)(5)(iii)(C)(*1*) through (*7*) of this section. The pop-up screen includes an "I agree" button on which all customers and potential customers must click to provide their consent. Customer J visits K's kiosk to make a transaction and clicks on the "I agree" button, which is separate from any other consent provided by the customer and does not address any issues other than consenting to electronic receipt of 1099-DA statements. K does not send the disclosure statement to J by email, mail, or private delivery service. Additionally, K does not provide J with the opportunity to request that the disclosure statement be provided using an additional communication method. J does not engage in any other transactions using K's services.

(*ii*) *Analysis*. Under paragraph (k)(5)(iii)(A) of this section, K is required to provide a clear and conspicuous disclosure statement to the customer prior to, or at the time of, a customer's consent. Under paragraph (k)(5)(iii)(C) of this section, that statement may be provided in any manner that is part of the consent solicitation. K's pop-up that provides the information described in paragraphs (k)(5)(iii)(C)(*1*) through (*7*) of this section satisfies this requirement. In addition, however, because K transacts with J only through K's kiosk, K is also required to send this disclosure statement to J by email, mail, or private delivery service and is required to provide J with the opportunity to request that the disclosure statement be provided using an additional communication method. Accordingly, because K failed to provide this disclosure statement to J by email, mail, or private delivery service, J has not positively consented to receiving J's 1099-DA statements in an electronic format as required under paragraph (k)(5)(iii)(A) of this section.

(iv) *Continuing disclosures*—(A) *In general*. The broker must provide a location where the customer can generally find updated versions of the information described in paragraphs (k)(5)(iii)(C)(*1*) through (*7*) of this section through the access period described in paragraph (k)(5)(vi) of this section with respect to such customer. In addition, this

location must also include the information described in paragraphs (k)(5)(iv)(B) though (E) of this section. A broker may generally provide the information described and cross-referenced in this paragraph (k)(5)(iv)(A) on the broker's website, mobile device application, or other online platform. Notwithstanding the previous sentence, a broker that transacts with a customer exclusively through a physical electronic terminal or kiosk and a broker that effects sales of digital assets for a customer as a processor of digital asset payments as defined in paragraph (a)(22) of this section must also send this disclosure statement by email, mail, or private delivery service within five business days of the customer's explicit action to provide consent as described in paragraph (k)(5)(iii)(A) of this section. Additionally, if a broker described in the previous sentence updates the information described in paragraphs (k)(5)(iii)(C)(*1*) through (*7*) of this section during the access period described in paragraph (k)(5)(vi) of this section with respect to a customer, the broker must also send updated versions of the information to the customer by email, mail, or private delivery service within five business days of posting the updated version to the broker's website, mobile device application, or other online platform. Finally, to the extent the customer requested at the time of consent or anytime thereafter that the disclosure statement be provided using an additional communication method described in paragraph (k)(5)(ii)(C) of this section, the broker must also send the continuing disclosure statement and any updated versions of the information included on that statement to the customer using the additional communication method requested by the customer.

(B) *Updating information*. The broker must provide a description of the procedures the customer may use to update the information needed by the broker to deliver to the customer, as applicable, the notice(s) described in paragraph (k)(5)(ii)(A)(*1*) of this section that the 1099-DA statement has been posted to an electronically accessible specified location, the email to which the 1099-DA statement is attached, or the requested notice described in paragraph (k)(5)(ii)(B)(*1*) of this section informing the customer that the customer's 1099-DA statement has been transmitted.

(C) *Broker information*. The broker must provide the broker's contact information in the event the customer has questions about the consent or about the customer's 1099-DA statement.

(D) *Additional communication methods for requested notices*. The broker must provide a description of the procedures for asking for the requested notices as required to be offered by paragraphs (k)(5)(ii)(A)(*1*) and (k)(5)(ii)(B)(*1*) of this section using the customer's choice of additional communication method.

(E) *Access procedures for statements posted to an electronically accessible specified location*. If the broker will furnish the 1099-DA statements using a qualified electronic delivery method described in paragraph (k)(5)(ii)(A) of this section (posting to an electronically accessible specified location), the broker must provide information about the period of time that the broker will retain the 1099-DA statement and any corrected 1099-DA statement at that electronically accessible specified location. In addition, the broker must provide the date when the 1099-DA statements will no longer be available at the electronically accessible specified location and a description of the procedures the customer may use to obtain 1099-DA statements and corrected 1099-DA statements that are no longer available at the electronically accessible specified location.

(v) *Format*. The electronic version of the 1099-DA statement must contain all required information and comply with applicable revenue procedures relating to substitute statements to the customer.

(vi) *Access period for statements posted to an electronically accessible specified location*. The broker must maintain access to 1099-DA statements posted to an electronically accessible specified location through October 15 of the year following the calendar year to which the 1099-DA statements relate (or the first business day after such October 15, if October 15 falls on a Saturday, Sunday, or legal holiday). The broker must maintain access for the customer to corrected 1099-DA statements that are posted to an electronically accessible specified location through October 15 of the year following the calendar year to which the statements relate (or the first business day after such October 15, if October 15 falls on a Saturday, Sunday, or legal holiday) or the date 90 days after the corrected statements are posted, whichever is later. The broker must retain 1099-DA statements for seven years from the date the 1099-DA statements are required to be furnished under paragraph (k)(2) of this section or (if later) the date that the 1099-DA statements are actually furnished and must make them available to the customer upon request.

(vii) *Example of rules for electronic furnishing of consolidated reporting statements*—(A) *Facts.* Customer C has an account with B, a broker, consisting of stock in a single corporation and digital assets. In calendar year 1, C sells the stock and digital assets held within C's account. Under this section, B must furnish a statement reflecting the information reported to the IRS on Form 1099-B, *Proceeds From Broker and Barter Exchange Transactions*, and Form 1099-DA, *Digital Asset Proceeds From Broker Transactions*, to C for the sale of stock (1099-B statement) and digital assets (1099-DA statement). B obtains consent from C for C to receive the 1099-DA statement in an electronic format under the rules set forth in paragraph (k)(5)(iii) of this section and meets the requirements set forth in paragraphs (k)(5)(iii) through (vi) of this section to be treated as furnishing the required 1099-DA statements in a timely manner. B does not obtain consent from C to receive the 1099-B statement in an electronic format under the applicable revenue procedures relating to electronic delivery of payee statements. With respect to calendar year 1, B electronically furnishes the 1099-DA statement and the 1099-B statement to C in a consolidated reporting statement using a qualified delivery method as defined in paragraph (k)(5)(ii) of this section. B does not separately furnish the 1099-B statement to C on paper.

(B) *Analysis*. Under paragraph (k)(3)(iii) of this section, because B did not obtain consent from C to receive the 1099-B statement in an electronic format under the applicable revenue procedures relating to electronic delivery of payee statements, the electronic furnishing to C of the 1099-B statement in a consolidated reporting statement with the 1099-DA statement does not satisfy B's obligation under this paragraph (k) to furnish a 1099-B statement to C with respect to C's sales of stock. Accordingly, the failure to furnish penalty under section 6722 and §301.6722-1 of this chapter would apply to B with respect to B's failure to furnish a 1099-B statement to C with respect to C's sales of stock.

(6) *Applicability date*. The rules of paragraph (k)(5) of this section regarding electronic furnishing of 1099-DA statements apply to 1099-DA statements required to be furnished on or after January 1 of the calendar year immediately following [date of publication of final regulations in the **Federal Register**].

* * * * *

Frank J. Bisignano,
Chief Executive Officer.

(Filed by the Office of the Federal Register March 5, 2026, 8:45 a.m., and published in the issue of the Federal Register for March 6, 2026, 91 FR 10983)

Notice of Proposed Rulemaking

Removal of Final Regulations Identifying Certain Partnership Related-Party Basis Adjustment Transactions as Transactions of Interest

REG-108921-25

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document proposes to remove regulations that identify certain partnership related-party basis adjustment transactions and substantially similar transactions as transactions of interest, a type of reportable transaction. The regulations would affect participants in these transactions as well as material advisors.

DATES: Electronic or written comments and requests for a public hearing must be received by April 6, 2026.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at *https://www.regulations.gov* (indicate IRS and REG-108921-25) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the "Comments and Requests for a Public Hearing" section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comments submitted to the IRS's public docket. Send paper submissions to: CC:PA:01:PR (REG-108921-25), Room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Elizabeth V. Zanet of the Office of the Associate Chief Counsel (Passthroughs, Trusts, and Estates), (202) 317-5279 (not a toll-free number); concerning submissions of comments and requests for a public hearing, the Publications and Regulations Section at (202) 317-6901 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Authority

This document proposes to remove § 1.6011-18 (Basis Shifting TOI Regulations) from 26 CFR part 1 (Income Tax Regulations). The Basis Shifting TOI Regulations were issued under section 6011 of the Internal Revenue Code (Code) pursuant to the authority granted to the Secretary of the Treasury or the Secretary's delegate (Secretary) under sections 6001, 6011(a), 6111, 6112(a), 6707A(c)(1), and 7805(a) of the Code.

Background

On June 18, 2024, the Treasury Department and the IRS published a notice of proposed rulemaking (REG-124593-23) in the ***Federal Register*** (89 FR 51476) identifying certain partnership related-party basis adjustment transactions and substantially similar transactions as transactions of interest, a type of reportable transaction (Basis Shifting TOI Proposed Regulations). On January 14, 2025, the Treasury Department and the IRS finalized the Basis Shifting TOI Proposed Regulations with modifications in response to comments with the publication of final regulations (Basis Shifting TOI Regulations) (TD 10028) in the ***Federal Register*** (90 FR 2958).

Since their publication, taxpayers and their material advisors have criticized the Basis Shifting TOI Regulations at § 1.6011-18 as imposing complex and burdensome compliance obligations on businesses. The Treasury Department and the IRS considered these public comments and determined that the Basis Shifting TOI Regulations may be appropriate for removal.

On April 17, 2025, the Treasury Department and the IRS published Notice 2025-23 (2025-19 IRB 1428). Notice 2025-23 announced that the Treasury Department and the IRS intended to publish a notice of proposed rulemaking proposing the removal of the Basis Shifting TOI Regulations from the Income tax Regulations. Notice 2025-23 further stated that taxpayers and their material advisors can rely on the notice until the Treasury Department and the IRS removed the Basis Shifting TOI Regulations from the Income Tax Regulations. Notice 2025-23 additionally stated that the IRS will (i) waive penalties under section 6707A(a) for participants in transactions identified in the Basis Shifting TOI Regulations, and (ii) waive penalties under sections 6707(a) and 6708 of the Code for material advisors to transactions identified in the Basis Shifting TOI Regulations.

Explanation of Provisions

Consistent with Notice 2025-23, this notice of proposed rulemaking (Removal NPRM) proposes to remove the Basis Shifting TOI Regulations from the Income Tax Regulations.

Proposed Effective Date and Applicability Date

The proposed removal of the Basis Shifting TOI Regulations would be effective on the date that the Treasury Department and the IRS publish final regulations (Forthcoming Final Regulations). The Treasury Department and the IRS intend that the Treasury decision adopting the Forthcoming Final Regulations will provide that participants and material advisors may treat the removal of the Basis Shifting TOI Regulations as occurring on January 14, 2025, which is the applicability date of the Basis Shifting TOI Regulations. Thus, participants and material advisors will be able to treat the Basis Shifting TOI Regulations as never having taken effect. See section 7805(b)(7). Consistent with Notice 2025-23, participants and material advisors may continue relying on that notice until the Treasury Department and IRS finalize the Removal NPRM with the publication of the Forthcoming Final Regulations.

Special Analyses

I. Executive Order 12866, 13563, and 14192

Executive Orders 12866 and 13563 direct agencies to assess costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. This rule is expected to be an Executive Order 14192 deregulatory action.

These proposed regulations have been designated by the Office of Management and Budget's (OMB's) Office of Information and Regulatory Affairs (OIRA) as subject to review under Executive Order 12866 pursuant to the Memorandum of Agreement of July 4, 2025 (MOA) between the Department of the Treasury (Treasury Department) and the OMB regarding review of tax regulations. OIRA has determined that this notice of proposed rulemaking (Removal NPRM) is significant and subject to review under Executive Order 12866 and section 1(c) of the MOA. Accordingly, the Removal NPRM has been reviewed by OMB.

A. Need for Regulation

A transaction of interest (TOI) is a type of reportable transaction. On January 14, 2025, the Treasury Department and the IRS published § 1.6011-18 (Basis Shifting TOI Regulations), which require taxpayers and material advisors to report information identifying certain partnership related-party basis adjustment transactions. Taxpayers and their material advisors have criticized the Basis Shifting TOI Regulations as imposing complex and burdensome compliance obligations on businesses. The Treasury Department and the IRS received many public comments requesting that the Basis Shifting TOI Regulations be removed. The Treasury Department and the IRS considered the public comments and determined that the Basis Shifting TOI Regulations may be appropriate for removal.

On April 17, 2025, the Treasury Department and the IRS published Notice 2025-23 (2025-19 IRB 1428), which announced that the Treasury Department and the IRS intended to publish a notice of proposed rulemaking removing the Basis Shifting TOI Regulations.

Consistent with that intention, this notice of proposed rulemaking (Removal NPRM) proposes to remove the Basis Shifting TOI Regulations from 26 CFR part 1 (Income Tax Regulations). The proposed removal of the Basis Shifting TOI Regulations would be effective on the date that the Treasury Department and the IRS publish final regulations (Forthcoming Final Regulations). The Treasury Department and the IRS intend that the Treasury decision adopting the Forthcoming Final Regulations will provide that participants and material advisors may treat the removal of the Basis Shifting TOI Regulations as occurring on January 14, 2025, which is the applicability date of the Basis Shifting TOI Regulations. Thus, participants and material advisors will be able to treat the Basis Shifting TOI Regulations as never having taken effect. See section 7805(b)(7) of the Internal Revenue Code (Code).

B. The Statute and the Removal NPRM

Under subchapter K of chapter 1 of the Code, a distribution by a partnership of the partnership's property (partnership property) or a transfer of an interest in a partnership (partnership interest) may result in an adjustment to the basis of the distributed property, partnership property, or both.

A distribution of partnership property may result in an adjustment to the basis of the distributed property under sections 732(b) or (d) of the Code. In the case of a distribution of partnership property to a partner by a partnership with an election under section 754 of the Code (section 754 election), or with respect to which there is a substantial basis reduction as described in section 734(d) of the Code, the distribution may also result in an adjustment to the basis of the partnership's remaining property under section 734(b).

If a partnership interest is transferred by sale or exchange or on the death of a partner, and the partnership either has a section 754 election in effect or has a substantial built-in loss with respect to the transfer of the partnership interest as described in section 743(d) of the Code, the transfer may result in an adjustment to the basis of partnership property under section 743(b) with respect to the transferee partner.

As discussed above, the Basis Shifting TOI Regulations identify certain partnership related-party transactions and substantially similar transactions that result in basis adjustments under sections 732(b), 732(d), 734(b), and 743(b) as transactions of interest, a type of reportable transaction with disclosure requirements.

The purpose of the Basis Shifting TOI Regulations is to provide information to the IRS that could help identify abusive basis shifting transactions. However, taxpayers and their material advisors have criticized the Basis Shifting TOI Regulations as imposing complex, burdensome, and retroactive disclosure obligations on many ordinary-course and tax-compliant business activities, creating costly compliance obligations and uncertainty for businesses. The Treasury Department and the IRS agree that the compliance burden of the Basis Shifting TOI Regulations, as estimated below, is substantial and likely exceeds the benefits of the Basis Shifting TOI Regulations.

Once the Removal NPRM is finalized, partnership related-party transactions and substantially similar transactions that result in basis adjustments would no longer be treated as transactions of interest. Thus, participants and material advisors to these transactions would no longer have the associated disclosure requirements.

C. Baseline

The Treasury Department and the IRS have assessed the benefits and costs of these proposed regulations once finalized (as the Forthcoming Final Regulations) relative to a no-action baseline that reflects the anticipated Federal income tax-related behavior of taxpayers under the Basis Shifting TOI Regulations.

D. Economic Effects

1. Participants - Forms 8886

Participants in transactions of interest must report their participation in the transaction on a Form 8886, *Reportable Transaction Disclosure Statement*. The Treasury Department and the IRS estimate that the aggregate costs of filing Forms 8886 under the Basis Shifting TOI Regulations each year equal the product of (1) the number of affected basis adjustments, (2) the average number of participants per basis adjustment, and (3) the average cost of filing a Form 8886 per participant.

a. Total Number of Basis Adjustments Affected

Based on analysis of partnership tax return data, the Treasury Department and the IRS have estimated that 10,000 basis adjustments would be reported in the absence of the Forthcoming Final Regulations. Tax return data indicate as many as 12,000 basis adjustments will be over the numeric thresholds in the Basis Shifting TOI Regulations each year under sections 732(b), 732(d), 734(b), and 743(b). The Treasury Department and the IRS expect 10,000 of the 12,000 basis adjustments to generate reporting by participants. The Treasury Department and the IRS have determined that most participants would choose to report any basis adjustment over the numeric thresholds in the Basis Shifting TOI Regulations rather than

spending additional time and resources on determining whether the underlying transaction satisfied the other requirements of the regulations. For instance, if there was a question as to whether the underlying transaction satisfied the related party rules under sections 267 and 707 of the Code, the Treasury Department and the IRS have determined that a participant would likely choose to disclose the basis adjustment rather than spending additional time and resources on the nuanced related party analysis.

b. Average Number of Participants Per Basis Adjustment

Under the Basis Shifting TOI Regulations, the type of basis adjustment determines the number of participants. For example, a basis adjustment under section 732(b) would have two participants, the distributee partner and the distributing partnership. In contrast, a basis adjustment under section 743(b) would have three participants, the transferor partner, the transferee partner, and the partnership. The Treasury Department and the IRS have therefore estimated that each basis adjustment would have 2.5 participants on average.

c. Average Cost of Filing a Form 8886

The IRS's Research, Applied Analytics, and Statistics division (RAAS) estimates that the burden of filing Form 8886 is approximately 10 hours, 16 minutes for recordkeeping, 4 hours, 50 minutes for learning about the law or the form, and 6 hours, 25 minutes for preparing, copying, assembling, and sending the form to the IRS, for a total of 21 hours and 31 minutes. In the Special Analyses of the Basis Shifting TOI Regulations, RAAS estimated that the appropriate wage rate was $102.00 (2022 dollars, equivalent to $109.33 in 2024 dollars) per hour. However, one commenter indicated that a better estimate is approximately $177.29 (2022 dollars, equivalent to $190.03 in 2024 dollars) per hour, as many affected individuals may seek specialists with higher hourly fees. The Treasury Department and the IRS have accepted the commenter's suggested wage. Therefore, the estimated burden of filing Form 8886 equals $4,088.81 (2024 dollars) (that is, $190.03 per hour x 21 hours and 31 minutes).

d. Summary of Yearly Economic Effects Related to Filing Form 8886

Based on the above, the Treasury Department and the IRS estimate that the aggregate costs of filing Form 8886 under the Basis Shifting TOI Regulations are approximately $102 million per year (2024 dollars) (that is, the product of (i) 10,000 basis adjustments, (ii) 2.5 participants per basis adjustment, and (iii) $4,088.81 average filing burden).

2. Material Advisors - Forms 8918

Material advisors to transactions of interests identified under the Basis Shifting TOI Regulations must file Form 8918, Material Advisor Disclosure Statement. The Treasury Department and the IRS have assumed that the aggregate costs of filing Forms 8918 under the Basis Shifting TOI Regulations each year equal the product of (1) the number of affected basis adjustments, (2) the average number of material advisors per basis adjustment, and (3) the average cost of filing a Form 8918 per advisor.

a. Total Number of Basis Adjustments Affected

For the same reasons discussed in Section IV.A.1., the Treasury Department and the IRS have estimated that 10,000 basis adjustments would be reported under the Basis Shifting TOI Regulations.

b. Average Number of Participants Per Basis Adjustment

The Treasury Department and the IRS estimate that each transaction that results in a reported basis adjustment will have at least one professional services firm that advises on the tax implications of the transaction (for example, a law firm or an accounting firm) and at least one accounting firm that prepares the relevant tax returns. The Treasury Department and the IRS therefore estimate that each transaction that results in a reported basis adjustment will have 2.2 material advisors on average.

c. Average Cost of Filing a Form 8918

RAAS estimates that the burden of filing Form 8918 is approximately 8 hours, 7 minutes for recordkeeping, 3 hours, 4 minutes for learning about the law or the form, and 3 hours, 20 minutes for preparing, copying, assembling, and sending the form to the IRS, for a total of 14 hours and 31 minutes. If the appropriate wage rate is the same as Form 8886 ($190.03 (2024 dollars) per hour), the burden of filing Form 8918 is $2,758.60 (2024 dollars).

d. Summary of Yearly Economic Effects Related to Filing Form 8918

Based on the above, the Treasury Department and the IRS estimate that the aggregate costs of filing Form 8918 under the Basis Shifting TOI Regulations equals $61 million per year (2024 dollars) (that is, the product of (i) 10,000 basis adjustments, (ii) 2.2 material advisors per basis adjustment, and (iii) $2,758.60 average filing burden).

3. Economic Effects, In Summary

In total, the annual burden estimate related to the Basis Shifting TOI Regulations is $163 million (that is, $102 million per year with respect to Form 8886, plus $61 million per year with respect to Form 8918). The Treasury Department and the IRS do not anticipate any other material economic effects of the Forthcoming Final Regulations beyond the filing burden reduction. Therefore, the Treasury Department and the IRS estimate that the aggregate economic effects of the Forthcoming Final Regulations would be a reduction in filing burdens by $163 million. The Treasury Department and the IRS request comments on the magnitude of this estimate.

II. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) generally requires that a Federal agency obtain OMB approval before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond

to, a collection of information unless the collection of information displays a valid control number. These proposed regulations (Removal NPRM), which propose removing § 1.6011-18 (Basis Shifting TOI Regulations) from 26 CFR part 1 (Income Tax Regulations), do not contain a collection of information and, in fact, remove what would otherwise have been a collection of information requirement in the Basis Shifting TOI Regulations.

III. Regulatory Flexibility Act

The Secretary of the Treasury (Secretary) hereby certifies that these proposed regulations (Removal NPRM) will not have a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (RFA) (5 U.S.C. chapter 6). This certification is based on IRS data that allowed an estimate of the percentage of partnerships required to file disclosure statements under the proposed regulations that the Department of the Treasury (Treasury Department) and the IRS published on June 18, 2024 (Basis Shifting TOI Proposed Regulations) and the final regulations published on January 14, 2025 (Basis Shifting TOI Regulations). The data indicated that the percentage of partnerships that would have a disclosure obligation under the Basis Shifting TOI Proposed Regulations or Basis Shifting TOI Regulations and considered to be small business for purposes of the RFA would be low. Accordingly, the removal of the disclosure requirements under the Removal NPRM is not anticipated to have a significant economic impact on a substantial number of small entities.

The RFA discussion in the Basis Shifting TOI Proposed Regulations referenced data provided by IRS's Research, Applied Analytics, and Statistics (RAAS) division, which estimated the percentage of partnerships with gross receipts or sales of $25 million or less that might have been subject to the disclosure obligations as a result of a basis adjustment under section 743(b) of more than $5 million during the taxable year. That data suggested that of all partnerships with related parties and a basis adjustment under section 743(b) of more than $5 million during the taxable year, approximately two-thirds of the partnerships would have gross receipts or sales of $25 million or less and approximately one-third would have gross receipts or sales of $25 million or more. The Treasury Department and the IRS determined that the data did not indicate that the Basis Shifting TOI Proposed Regulations would have a significant economic impact on a substantial number of small entities because not all partnerships with gross receipts or sales of $25 million or less are considered small businesses (*see* 13 CFR 121.201), and the data did not provide information on whether the partnerships with gross receipts or sales of $25 million or less were part of larger enterprises.

The RFA discussion in the Basis Shifting TOI Regulations referenced data from the IRS that indicated that, in the case of partnerships with gross assets of less than $25 million that reported basis adjustments under section 734(b) or section 743(b) for the taxable year, the average basis adjustment was less than the applicable threshold amount of $10 million or more. Thus, the Treasury Department and the IRS anticipated that many partnerships with gross assets of less than $25 million would not be subject to the disclosure requirements. Further, the data indicated that partnerships with gross assets of more than $25 million that reported basis adjustments under section 734(b) or section 743(b) for the taxable year that met the applicable threshold amount of $10 million or more represented less than one percent of all partnerships that file tax returns for the taxable year.

Pursuant to section 7805(f), this notice of proposed rulemaking has been submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business.

IV. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of $100 million (updated annually for inflation). These proposed rules do not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

V. Executive Order 13132: Federalism

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of Executive Order 13132. These proposed regulations do not have federalism implications and do not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of Executive Order 13132.

Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to comments that are submitted timely to the IRS as prescribed in the preamble under the ADDRESSES section. All comments and a plain language summary of the proposed rule will be made available at *https://www.regulations.gov* or upon request. A public hearing will be scheduled if requested in writing by any person that timely submits electronic or written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the ***Federal Register***.

Statement of Availability of IRS Documents

Notices cited in this document are published in the Internal Revenue Bulletin and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at *https://www.irs.gov*.

Drafting Information

The principal authors of this notice of proposed rulemaking are personnel of the Office of the Associate Chief Counsel

(Passthroughs, Trusts, and Estates). However, other personnel from the Treasury Department and the IRS participated in its development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 1 as follows:

PART 1--INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by removing the entry for §1.6011-18 to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

§1.6011-18 [Removed]

Par. 2. Section 1.6011-18 is removed.

Frank J. Bisignano,
Chief Executive Officer.

(Filed by the Office of the Federal Register March 5, 2026, 8:45 a.m., and published in the issue of the Federal Register for March 6, 2026, 91 FR 11003)

Notice of Proposed Rulemaking

Trump Accounts Contribution Pilot Program

REG-117002-25

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations relating to the Trump accounts contribution pilot program under which the Trump accounts of eligible children can receive $1,000 pilot program contributions. Eligible children must be U.S. citizens with valid Social Security numbers born in 2025 through 2028. The proposed regulations would provide guidance on making an election for the Trump account of an eligible child to receive a $1,000 pilot program contribution. The proposed regulations would affect eligible children and individuals who would make elections with respect to those children.

DATES: Written or electronic comments and requests for a public hearing must be received by April 8, 2026.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at *https://www.regulations.gov* (indicate IRS and REG-117002-25) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the "Comments and Requests for a Public Hearing" section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comments submitted to the IRS's public docket. Send paper submissions to: CC:PA:01:PR (REG-117002-25), Room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Molly E. Lovern at (202) 317-5416; concerning submissions of comments or a public hearing, the Publications and Regulations Section at (202) 317-6901 (not toll-free numbers) or by email at publichearings@irs.gov (preferred).

SUPPLEMENTARY INFORMATION:

Authority

This document contains proposed amendments to the Procedure and Administration Regulations (26 CFR part 301) to implement section 6434 of the Internal Revenue Code (Code) relating to the Trump accounts contribution pilot program. Section 6434(d) authorizes the Secretary of the Treasury or the Secretary's delegate (Secretary) to prescribe rules for the time and manner for elections under section 6434. The proposed regulations are also issued under the authority of section 7805(a) of the Code, which authorizes the Secretary to "prescribe all needful rules and regulations for the enforcement of [the Code], including all rules and regulations as may be necessary by reason of any alteration of law to internal revenue."

Background

I. Overview

Section 70204 of Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act of 2025, added new sections 530A and 6434 to the Code relating to Trump accounts. Section 530A of the Code provides for the establishment of a Trump account for an eligible individual as defined in section 530A(b)(2) and cross-references section 6434. Section 6434 provides for a one-time $1,000 contribution from the Secretary to the Trump account of an eligible child with respect to whom an election under section 6434 is made ($1,000 pilot program contribution).

These proposed regulations would implement section 6434. The Treasury Department and the IRS are proposing regulations under section 530A in another notice of proposed rulemaking (REG-117270-25) published elsewhere in this issue of the ***Federal Register***.

II. Trump accounts generally

A Trump account is a type of traditional individual retirement account (IRA) established for the exclusive benefit of an eligible individual or the individual's beneficiaries under section 530A. Section 530A directs the Secretary to create or organize the first Trump account (initial Trump account) for each eligible individual. An eligible individual is any individual (i) who has not attained age 18 before the close of the calendar year in which an election to open an initial Trump account (initial Trump account election) is made, (ii) for whom a social security number has been issued before the date of the ini-

tial Trump account election, and (iii) for whom the initial Trump account election is made.

A Trump account is subject to certain special rules on contributions, investments, distributions, and reporting that are inapplicable to other individual retirement arrangements under section 408 of the Code. After the period beginning when a Trump account is established and ending on December 31 of the calendar year in which a Trump account beneficiary attains age 17 (growth period), most of the special rules no longer apply and the rules under section 408 governing traditional IRAs generally apply. During the growth period, a subsequent Trump account (rollover Trump account) may be established for an individual and must be funded by a trustee-to-trustee transfer of the entire account balance from the individual's existing Trump account. Because a rollover Trump account must be funded by a qualified rollover contribution (which is a transfer of the entire account balance from the individual's prior Trump account), an individual may only have one Trump account containing funds at a time.

Unlike contributions to other IRAs, which require an IRA owner to have includible compensation, under the special rules applicable during the growth period of a Trump account, a $1,000 pilot program contribution may be made to the Trump account of a child eligible to receive the $1,000 pilot program contribution even if the child does not have includible income. Because the criteria under section 530A to be an eligible individual for the opening of an initial Trump account differ from the criteria under section 6434 to be an eligible child whose Trump account may receive a $1,000 pilot program contribution, only a portion of the individuals eligible for a Trump account will also be eligible to receive a $1,000 pilot program contribution. However, a child who is eligible for a $1,000 pilot program contribution must have a Trump account in order for the Secretary to pay the $1,000 pilot program contribution. A child who does not have a Trump account for any reason will not receive a $1,000 pilot program contribution, even if such child is otherwise eligible for a $1,000 pilot program contribution.

III. Trump accounts contribution pilot program

In general, section 6434 provides that when an individual makes an election with respect to an eligible child of the individual, the election results in a one-time, $1,000 pilot program contribution into the eligible child's Trump account. The term "Trump account" has the same definition as in section 530A.

Section 6434(a) provides that an individual makes an election for the Trump accounts contribution pilot program with respect to an eligible child of that individual. With such election, the eligible child is treated as making a $1,000 payment against the income tax liability imposed by subtitle A of the Code for the taxable year for which the election is made. Section 6434 does not require that the election be made for a particular calendar year. Although the eligible child is receiving the benefit of the pilot program election, the eligible child does not make the pilot program election.

Section 6434(b) provides that the same amount of the $1,000 payment is paid by the Secretary to the Trump account of the eligible child for which the election in section 6434(a) was made ($1,000 pilot program contribution). The $1,000 pilot program contribution into the eligible child's Trump account therefore cannot occur without an election having been made for that child. Section 6434(b) authorizes the Secretary to pay the $1,000 pilot program contribution only "to the Trump account with respect to which such eligible child is the account beneficiary." Pursuant to section 6434(f)(1), a $1,000 pilot program contribution made under section 6434 is not subject to reduction or offset by the mandatory offsets of subsections (c) (past-due support), (d) (debts owed to Federal agencies), (e) (past-due, legally enforceable state income tax obligations), and (f) (unemployment compensation debts) of section 6402 of the Code or any other similar offset. Similarly, section 6434(f)(2) prohibits reduction or offset of such $1,000 pilot program contributions by other assessed Federal taxes subject to collection including levy. Section 6434(g) prevents overpayment interest under section 6611(a) of the Code from accruing prior to January 1, 2028, with respect to any payment under section 6434.

Section 6434(c) defines the term "eligible child" for purposes of section 6434. It provides that an eligible child is a qualifying child under section 152(c) of the Code; is born during the 2025, 2026, 2027, or 2028 calendar year; has had no prior pilot program election made by any individual; and is a United States citizen.

Section 6434(e)(1) requires the pilot program election to include the social security number of the eligible child for whom the election is made. Section 6434(e)(2) cross-references section 24(h)(7) of the Code to define the term "social security number" for section 6434. The social security number must be issued before the election is made.

Section 6434(d) authorizes the Secretary to provide the rules for the time and manner of making the pilot program election.

Explanation of Provisions

Proposed §301.6434-1 would establish the framework for the Trump accounts contribution pilot program. First, it would provide the general rule that a pilot program-electing individual must make a pilot program election with respect to an eligible child of such individual in order for the Secretary to make a $1,000 pilot program contribution into the Trump account for which such eligible child is the beneficiary. Second, it would define several terms solely for purposes of section 6434, including the terms "eligible child," "pilot program election," "pilot program-electing individual," "special taxable year," and "social security number." Third, it would identify how the deemed payment upon the processing of a pilot program election generates an overpayment of tax for the eligible child in the amount of $1,000, which is then refunded to the eligible child as a $1,000 pilot program contribution into such child's Trump account. Fourth, it would provide the rules for the timing of the pilot program election. Lastly, it would provide the rules for the manner of making the pilot program election.

I. General rule

Proposed §301.6434-1(a) would provide that a pilot program-electing indi-

vidual must make a pilot program election with respect to an eligible child of the pilot program-electing individual in order for the Secretary to make a $1,000 pilot program contribution into the Trump account of the eligible child. This general rule would conform with the statutory scheme of section 6434(a), which provides that after a pilot program election, an eligible child is treated as making a $1,000 payment against an income tax liability under subtitle A of the Code, and section 6434(b), which provides that the $1,000 amount treated as a payment under section 6434(a) is paid by the Secretary to the Trump account of the eligible child.

II. Definitions

Proposed §301.6434-1(b) would define terms that apply solely for purposes of §301.6434-1.

Under proposed §301.6434-1(b)(1), the term "eligible child" would mean an individual (i) who the pilot program-electing individual anticipates will be that individual's qualifying child under section 152(c) for the taxable year of the pilot program-electing individual in which the pilot program election is made, (ii) who is born in calendar year 2025, 2026, 2027, or 2028, (iii) who is a United States citizen, (iv) to whom a social security number has been issued, and (v) with respect to whom no prior pilot program election has been made by any individual and processed by the Secretary. The birth year and citizenship requirements in proposed §301.6434-1(b)(1)(ii) and (iii) would implement section 6434(c)(1) and (3), and the social security number requirement in proposed §301.6434-1(b)(1)(iv) would implement section 6434(e).

The relationship requirement between the pilot program-electing individual and the eligible child, reflected as part of the eligible child definition in proposed §301.6434-1(b)(1)(i), is mandated by section 6434(a), which provides that an election is made by an individual "with respect to an eligible child of the individual," and section 6434(c), which provides that an eligible child is a qualifying child as defined in section 152(c). Although an individual may anticipate that an eligible child will be the individual's qualifying child under section 152(c) for an ongoing taxable year, whether an eligible child is indeed any individual's qualifying child under section 152(c) with respect to that individual's taxable year cannot be conclusively determined until the close of such taxable year. However, section 6434 does not require elections to be made with reference to a closed taxable year of the pilot program-electing individual. Thus, to provide the pilot program-electing individual the flexibility to make the pilot program election at any time during a calendar year rather than wait until after the close of a taxable year, proposed §301.6434-1(b)(1)(i) permits the child's eligibility as long as a pilot program-electing individual anticipates the eligible child will be that individual's qualifying child under section 152(c) for the taxable year in which the election is made. For additional information on who is a qualifying child under section 152(c), potential pilot program-electing individuals (including parents, foster parents, and other relatives) can look to IRS Publication 501, *Dependents, Standard Deduction, and Filing Information*.

Lastly, with respect to the definition of the term *eligible child*, under proposed §301.6434-1(b)(1)(v), a child would no longer be eligible once a pilot program election is made and processed for that child. This is required by section 6434(c)(2), which provides that an *eligible child*, among other requirements, is a child with respect to whom no prior pilot program election has been made. Proposed §301.6434-1(b)(1)(v) would ensure that an eligible child is not prevented from receiving a $1,000 pilot program contribution based on an erroneous or malicious election by conditioning the eligibility criteria on the making and processing of an election, rather than solely the making of an election.

Under proposed §301.6434-1(b)(2), the term "pilot program election" means an election under section 6434.

Under proposed §301.6434-1(b)(3), the term "pilot program-electing individual" means an individual authorized to make a pilot program election with respect to an eligible child. An individual is authorized to make a pilot program election with respect to an eligible child who the individual anticipates will be the individual's qualifying child under section 152(c) for the taxable year of the individual in which the pilot program election is made, which is the same requirement reflected in proposed §301.6434-1(b)(1)(i) for the definition of *eligible child*. The definition of *pilot program-electing individual* in proposed §301.6434-1(b)(3) would cross-reference the relevant portion of the definition of *eligible child* in proposed §301.6434-1(b)(1)(i). This definition accomplishes the purpose of section 6434 to facilitate investment into and financial growth of an eligible child's Trump account by enabling a pilot program election to be made at any time during the calendar year. If section 6434 was interpreted to instead require pilot program elections to be made with respect to a calendar-based taxable year of the pilot program-electing individual for which the eligible child was such individual's qualifying child under section 152(c), the earliest a pilot program election could possibly be made would be after the close of the taxable year of the pilot program-electing individual during which the eligible child was born. Such an interpretation would impose a restriction on making a pilot program election not found in section 6434 and would limit the maximum growth potential of contributions into the eligible child's Trump account. Furthermore, under section 6434, the payment is deemed to be made by the eligible child and has no connection to any taxable year of the pilot program-electing individual, thereby providing no clear basis to tie a pilot program election to a taxable year of the pilot program-electing individual. If a pilot program-electing individual makes an election in anticipation that an eligible child will be the individual's qualifying child under section 152(c) and complies with all other rules promulgated by the Secretary for section 6434 elections, the pilot program election will not be rendered ineffective solely on the basis that it is later determined that the eligible child does not meet the definition of a qualifying child of the individual for the taxable year in which the pilot program election is made.

Under proposed §301.6434-1(b)(4), the term "Secretary" means the Secretary of the Treasury or the Secretary's delegate. *See* section 7701(a)(11)(B) of the Code.

Under proposed §301.6434-1(b)(5), the term "social security number" has the meaning given such term in section 24(h)

(7)(B), determined by substituting "before the date of the election made under section 6434" for "before the due date of such return" in section 24(h)(7)(B)(ii).

Under proposed §301.6434-1(b)(6), the term "special taxable year" means a taxable period of an eligible child that arises upon the processing of a pilot program election and is deemed to close immediately after arising, for which no Federal income tax liability is owed, and which bears no relationship to the Federal income tax liability of the pilot program-electing individual for any taxable period. This special taxable year is distinct from any calendar-based taxable year for the eligible child's Federal income tax liability and does not sever or modify the eligible child's calendar-based taxable period. To implement the requirements of section 6434(a), (b), and (f) as explained in Section III of this Explanation of Provisions, proposed §301.6434-1(c)(1) would provide that a pilot program election is made with respect to the eligible child's special taxable year, rather than with respect to any calendar-based taxable year for the eligible child's Federal income tax liability.

As explained in Section III of this Explanation of Provisions, an overpayment can only be determined after the close of a taxable year by comparing the amount of tax liability owed to the amount of payments made. Like the proposed definition of *pilot program-electing individual*, the proposed definition of *special taxable year* accomplishes the purpose of section 6434 by allowing for the $1,000 pilot program contribution to be deposited by the Secretary into the Trump account without waiting for the close of a calendar-based taxable year, thus facilitating the financial growth of the Trump account. Determining an overpayment from a special taxable year also meets the statutory intent that the contribution be made at any time during a calendar year rather than after the close of the taxable year for which an election is made—at the earliest. Additionally, as explained more thoroughly in Section III of this Explanation of Provisions, the proposed definition of a *special taxable year* ensures that an eligible child's deemed payment upon election under section 6434(a) generates an overpayment of $1,000 instead of the deemed payment being reduced or eliminated if it were used to satisfy a child's potentially unpaid Federal income tax liability for a calendar-based taxable year election.

Under proposed §301.6434-1(b)(7), the term "Trump account" has the meaning given to the term in section 530A(b)(1). This definition includes an initial Trump account and a rollover Trump account.

III. Effect of a pilot program election

Proposed §301.6434-1(c)(1) would provide that a pilot program election must be made by a pilot program-electing individual with respect to the special taxable year of an eligible child of the pilot program-electing individual. Proposed §301.6434-1(c)(2) would provide that upon the processing of an election with respect to an eligible child, the eligible child would be treated as making a $1,000 payment against a Federal income tax liability under subtitle A of the Code for the eligible child's special taxable year, resulting in a $1,000 overpayment. Proposed §301.6434-1(c)(3) would provide that the $1,000 overpayment described in §301.6434-1(c)(2) will be refunded by the Secretary as a $1,000 pilot program contribution to the eligible child's Trump account.

Section 6434 fits into the existing framework for the refund of an overpayment of tax but creates some special rules for the determination and the refunding of the overpayment. In *Jones v. Liberty Glass Co.*, 332 U.S. 524, 531 (1947), the Supreme Court explained that an overpayment of tax for a taxable year is determined by comparing the amount by which payments exceed the amount of tax properly due at the close of the taxable year. Under these rules, a taxpayer who pays $1,000 towards a taxable year but owes zero Federal income tax liability for that taxable year will have an overpayment of $1,000. *See also* section 6401(c) ("An amount paid as tax shall not be considered not to constitute an overpayment solely by reason of the fact that there was no tax liability in respect of which such amount was paid."). In contrast, for example, a taxpayer who pays $1,000 towards a taxable year but owes $500 for that taxable year will have an overpayment of only $500. Once the IRS determines the amount of an overpayment, the full amount of the overpayment may not necessarily be refunded to a taxpayer. Section 6402(a) provides the IRS the discretion to credit an overpayment against "any liability in respect of an internal revenue tax on the part of the person who made the overpayment." Additionally, before the IRS can refund any remaining overpayment, the refund must be reduced and offset against any past-due non-tax debts of the taxpayer described in the provisions of section 6402(c), (d), (e), and (f), otherwise known as mandatory Treasury Offset Program offsets.

Concerning the determination of an overpayment, section 6434(b) provides that the "amount treated as a payment under subsection (a) shall be paid by the Secretary" to the eligible child's Trump account. Section 6434(a) provides that the eligible child for whom an election is made is treated as "making a payment . . . in an amount equal to $1,000." For most children who have no Federal income tax liability, the plain language of section 6434(a) and (b) is consistent with the Supreme Court's explanation of how to determine an overpayment in *Jones v. Liberty Glass*. However, if section 6434(a) were to be construed as providing for a deemed payment of $1,000 for a taxable year for which an eligible child owes a Federal income tax liability, then that child would have an overpayment only if the deemed payment exceeded the tax owed and, if so, such overpayment would be less than $1,000. Read in conjunction, however, section 6434(a) and (b) instruct that the Secretary's contribution to an eligible child's Trump account must be in the amount of $1,000.

Moreover, section 6434(f) creates safeguards to ensure the entire $1,000 amount is contributed to an eligible child's Trump account. As explained above, section 6402(a) provides that the IRS has the discretion to credit an overpayment to a taxpayer's unpaid tax liabilities and is required to reduce the refund of any remaining overpayment by the mandatory Treasury Offset Program offsets of section 6402(c), (d), (e), and (f). Section 6434(f), which is described in proposed §301.6434-1(c)(4), ensures that the entire $1,000 overpayment amount described in proposed §301.6434-1(c)(2) would be contributed into the eligible child's Trump

account as provided in section 6434(a) and (b).

To implement the requirements of section 6434(a), (b), and (f), proposed §301.6434-1(c)(1) would provide that a pilot program election is made with respect to the eligible child's special taxable year instead of the calendar year generally used for individual income taxes. The use of a special taxable year instead of a calendar year ensures that the plain language of section 6434(a), (b), and (f)—that when an election is made with respect to an eligible child, the result is a $1,000 pilot program contribution to the eligible child's Trump account—may be accomplished with respect to any eligible child for whom an election is made in compliance with section 6434 and proposed §301.6434-1.

Additionally, section 6434(b) and (i) require that the $1,000 pilot program contribution is made specifically to the section 530A Trump account of the eligible child. Proposed §301.6434-1(c)(3) would provide that the $1,000 contribution will be made to the Trump account of the eligible child. Under section 6434(b) and (i) and proposed §301.6434-1(c)(3) and (b)(7), the $1,000 contribution may be made to an eligible child's initial Trump account or to a rollover Trump account in the case of an eligible child who has a rollover Trump account. Because section 6434 only authorizes the Secretary to pay the $1,000 contribution "to the Trump account with respect to which such eligible child is the account beneficiary," it does not allow for an eligible child who does not have a Trump account to receive a $1,000 pilot program contribution; nor does it allow for an eligible child to receive the $1,000 pilot program contribution in any manner other than as a contribution to the eligible child's Trump account. Thus, if an eligible child with respect to whom a pilot program election is made does not have an established Trump account for any reason—including if a Trump account was never established for the eligible child, or if an eligible child's Trump account ceased to be a Trump account for any reason including death of the eligible child—the Secretary is not authorized to remit the $1,000 pilot program contribution to any recipient because such a remittance would not be "to the Trump account with respect to which such eligible child is the account beneficiary." *See* section 6434(b). Accordingly, proposed §301.6434-1(c)(3) would provide that the $1,000 overpayment described in proposed §301.6434-1(c)(2) will not be refunded unless the eligible child has an established Trump account and that no refund will be paid under the provisions of section 6434 except as a $1,000 pilot program contribution to the eligible child's Trump account.

Lastly, proposed §301.6434-1(c)(5) would provide that a pilot program election is not a claim for credit or refund of an overpayment. Section 301.6402-2, which establishes the rules for a claim for credit or refund, provides that only the taxpayer with the overpayment may file such a claim. Section 6434(a), however, instructs that a pilot program election is not made by the eligible child for whom an overpayment for contribution is generated; it is instead made by a pilot program-electing individual with respect to an eligible child of the pilot program-electing individual. Because it is the filing of the pilot program election by the pilot program-electing individual that generates the overpayment that is refunded as a $1,000 pilot program contribution into the eligible child's Trump account and the eligible child is not the person making such pilot program election, the pilot program election cannot be a claim for credit or refund.

IV. Timing of election

Proposed §301.6434-1(d) would provide timing rules for pilot program elections as authorized by section 6434(d). The rules of proposed §301.6434-1(d) would clarify that an election may only be made during the time period prescribed, that relief for an untimely election is not available under §§301.9100-1, 301.9100-2, and 301.9100-3, that only the first election made and processed with respect to an eligible child will result in a $1,000 contribution to the eligible child's Trump account, and that no subsequent elections will be processed after the first election is processed.

Section 6434 does not set forth a specific period in which a pilot program election must be made but instead prescribes that elections must be made at such time as the Secretary provides. Under proposed §301.6434-1(d)(1)(i), elections may be made starting on the day that a child becomes eligible. An election made on any earlier date would not be allowed under section 6434 because it would not be "an election . . . with respect to an eligible child." Proposed §301.6434-1(d)(1)(ii) would provide that the last day for a pilot program election with respect to an eligible child would be December 31 of the calendar year in which the eligible child reaches age 17. This corresponds with the termination of the growth period, after which a child is no longer eligible to open a Trump account pursuant to section 530A(1)(A)(ii)(I) and (2)(A) and many of the special rules in section 530A no longer apply to the account. This broad election period—from the date of eligibility to the final date of growth period—is intended to ensure all children are able to receive a $1,000 pilot program contribution if they meet all section 6434 eligibility criteria during the time period in which a child would be eligible to have a Trump account opened. In cases where a pilot program election is not made until near the end of the growth period, the Secretary can nonetheless still make a $1,000 pilot program contribution to an eligible child's Trump account after the growth period ends as long as a Trump account was established for the eligible child under section 530A and has not ceased to exist for any reason.

Proposed §301.6434-1(d)(2) would provide that only the first pilot program election processed by the IRS with respect to an eligible child will result in a $1,000 contribution to the eligible child's Trump account. Once the first pilot program election is processed no further election will be processed. This rule conforms with the section 6434(c)(2) requirement that an eligible child means a child with respect to whom no prior pilot program election has been made. Because this rule only applies once an election is processed, it would ensure that an unprocessed erroneous or malicious pilot program election would not preclude an eligible child from receiving a pilot program contribution.

V. Manner of election

Proposed §301.6434-1(e)(1) would provide that a pilot program election must be made by a pilot program-electing

individual on the form prescribed by the Secretary or through an electronic application or webpage made available by the Secretary, in accordance with applicable instructions. The IRS is using Form 4547, *Trump Account Election(s)*, for this purpose in calendar year 2026. A pilot program election may be made any time during the period in proposed §301.6434-1(d)(1), including at the same time that the pilot program-electing individual files such individual's Federal income tax return. The pilot program election, however, is not a part of any individual's tax return and is independent of the filing of a tax return. The IRS has released instructions for making pilot program elections via Form 4547 and will provide instructions for making pilot program elections via an electronic application or webpage when made available by the Secretary. Proposed §301.6434-1(e)(2) would reiterate the requirement of section 6434(e) that an eligible child's social security number is included with the pilot program election for that eligible child. Because the length of time varies in which a social security number may be obtained, this rule reinforces the broad pilot program election timing proposed in §301.6434-1(d)(1).

Proposed Applicability Date

The regulations are proposed to apply on or after January 1, 2026. In accordance with section 7805(b)(2), the Treasury Department and the IRS intend to publish final regulations within 18 months of the date of enactment of section 6434.

Special Analyses

I. Regulatory Planning and Review

Executive Orders 12866 and 13563 direct agencies to assess costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility.

The proposed regulations have been designated by the Office of Management and Budget's (OMB's) Office of Information and Regulatory Affairs (OIRA) as subject to review under Executive Order 12866 pursuant to the Memorandum of Agreement (MOA, July 4, 2025) between the Treasury Department and the OMB regarding review of tax regulations. OIRA has determined that the proposed rulemaking is economically significant under section 3(f)(1) of Executive Order 12866 and subject to review under Executive Order 12866 and section 1(b) of the MOA. Accordingly, the proposed regulations have been reviewed by OMB. This proposed rule is not expected to be considered a regulatory action under Executive Order 14192 because it imposes no more than de minimis costs.

Need for Regulation

The proposed regulations would explain how to make a Trump accounts contribution pilot program election under section 6434 of the Internal Revenue Code (Code). The proposed regulations would also define terms for the purpose of implementing section 6434, clarify the tax consequences of making a pilot program election, and explain the time and manner of making a pilot program election.

The Statute and the Proposed Regulations

Public Law 119-21, commonly known as the One, Big, Beautiful Bill Act of 2025, added new sections 530A and 6434 to the Code. Section 530A describes Trump accounts and section 6434 describes the Trump accounts contribution pilot program. The proposed regulations explain how the pilot program in section 6434 will be implemented.

Section 530A defines a Trump account as a traditional individual retirement account (IRA) with some special rules. Most special rules that distinguish Trump accounts from other IRAs apply only during the growth period. The first day of the growth period is the day the account is established, and the final day of the growth period is December 31 of the calendar year in which the account beneficiary attains age 17. The rules for traditional IRAs generally apply after the growth period. A Trump account may be established for the benefit of a child prior to the calendar year in which the child attains age 18 if the child has been issued a social security number.

In general, distributions from Trump accounts are not permitted during the growth period. The entire balance of a Trump account may be rolled over in a direct trustee-to-trustee transfer to a rollover Trump account. The entire balance of a Trump account may be rolled over in a direct trustee-to-trustee transfer to an account established under a section 529A[1] ABLE program (ABLE account) of the account beneficiary in the calendar year the account beneficiary attains age 17.

Investments in a Trump account must track the returns of a broad index of equities in primarily U.S. companies for which regulated futures contracts are traded, avoid the use of leverage, and avoid annual fees and expenses above 0.1%.

Trump accounts may receive contributions from nonprofits, governments, employers, and individuals. In general, contributions to a Trump account are subject to an annual limit of $5,000, adjusted for inflation.

Governments and nonprofits may only make contributions through the Treasury Department, and such contributions must be made in equal amounts to the Trump accounts of every account beneficiary in a qualified class. Contributions from governments and nonprofits through the Treasury Department do not count towards the $5,000 annual contribution limit.

Section 6434 describes the Trump accounts contribution pilot program. In the pilot program, the Secretary will pay $1,000 to the Trump accounts of eligible children for whom elections under section 6434 are made. A U.S. citizen born in 2025, 2026, 2027, or 2028, who has been issued a social security number, and for

[1] Section 529A was enacted by the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014, which was enacted as part of the Tax Increase Prevention Act of 2014, Public Law 113-295 (128 Stat. 4010).

whom no request for a pilot program contribution has previously been processed is eligible for a pilot program contribution. Pilot program contributions do not count towards the $5,000 annual contribution limit.

The proposed regulations would define the following terms for the purposes of implementing section 6434: eligible child, pilot program election, pilot program-electing individual, and special taxable year. A pilot program election is an election under section 6434, that is, a request for a pilot program contribution to the eligible child's Trump account. An eligible child is a U.S. citizen born in 2025, 2026, 2027, or 2028, who has been issued a social security number, for whom no pilot program election has previously been processed, and who is anticipated by the pilot program-electing individual to be that individual's qualifying child under section 152(c). A pilot program-electing individual is an individual who is authorized to make a pilot program election on behalf of an eligible child. The definitions of eligible child and pilot program-electing individual incorporate the following relationship: the pilot program-electing individual must anticipate that the eligible child will be a qualifying child of the individual for tax purposes for the taxable year in which the pilot program election is made. A special taxable year is a taxable year of the eligible child that is (1) created when a pilot program election is processed, (2) deemed to close immediately after arising, (3) defined to have zero tax liability, (4) distinct from any calendar-based taxable year for the child's income tax liability, and (5) not associated with any taxable period of the pilot program-electing individual.

The proposed regulations would clarify the tax consequences of making a pilot program election. Under the proposed regulations, when a pilot program election is processed by the Secretary, the Secretary would treat the eligible child as if the eligible child had made a $1,000 payment for the special taxable year. Because a special taxable year has zero tax liability, treating the child as if they had made a $1,000 payment against Federal income tax would result in an overpayment for the special taxable year. The IRS would not offset that overpayment by any other debts owed by the eligible child or the pilot program-electing individual. The Secretary would remit the full $1,000 overpayment for the special taxable year as a $1,000 pilot program contribution to the Trump account of the eligible child.

The proposed regulations would also explain the time and manner of making a pilot program election. A pilot program election would be made by a pilot program-electing individual with respect to an eligible child who the pilot program-electing individual anticipates will be the individual's qualifying child under section 152(c) for the taxable year of the individual during which the election is made. The first day a pilot program election can be made is the day the child becomes an eligible child, and the final day a pilot program election can be made is the final day of the calendar year in which the child attains age 17. The pilot program election would be made on a form, electronic application, or webpage provided by the IRS. The pilot program election would not be made on the pilot program-electing individual's tax return.

Baseline

The Treasury Department and the IRS have assessed the benefits and costs of the proposed regulations relative to a no-action baseline reflecting anticipated Federal income tax-related behavior in the absence of these proposed regulations.

Affected Entities and Taxpayers

The proposed regulations are expected to affect 15 million children in 12 million families.

Economic Effects of the Proposed Regulations

The proposed regulations would make several choices that allow a pilot program election to be made as early as a few weeks after the birth of an eligible child instead of waiting until the following calendar year. For example, for a child born in 2027, these choices provide the opportunity to earn up to one additional year of investment returns, depending on the child's date of birth. The Treasury Department and the IRS used historical returns for a broad index of U.S. equities to quantify the benefit of an additional six months of investment returns by age 18.[2] Among birth cohorts from June 1926 to May 2007, the median difference in account value at age 18 between $1,000 invested at birth and $1,000 invested six months after birth was $300.

Qualifying child standard

The proposed regulations would clarify how to apply the statutory requirement that the eligible child be a qualifying child of the pilot program-electing individual. The proposed regulations would require a pilot program election to be made by an individual who anticipates that the eligible child will be a qualifying child for the year in which the pilot program election is made. An alternative would be to require a pilot program election to be made by an individual for whom the eligible child was a qualifying child for a closed tax year. The forward-looking standard would allow the pilot program election to be made earlier than the backward-looking standard. For example, under the forward-looking standard, an election for a child born in 2027 could be made as soon as the child is issued a social security number. Under a backward-looking standard, an election for a child born in 2027 could not be made until 2028.

This choice and several others would allow a pilot program election to be made as early as a few weeks after birth instead of waiting until the following calendar year. For a child born in 2027, these choices provide the opportunity to earn up to one additional year of investment returns, depending on the child's date of birth. The Treasury Department and the IRS used historical returns for a broad index of U.S. equities to quantify the benefit of an additional six months of invest-

[2] Kenneth R. French Data Library. https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html.

ment returns by age 18.[3] Among birth cohorts from June 1926 to May 2007, the median difference in account value at age 18 between $1,000 invested at birth and $1,000 invested six months after birth was $300.

Taxable period of payment against tax

The proposed regulations would clarify the taxable period in which the child is treated as making a $1,000 payment against tax. The proposed regulations would apply the $1,000 payment to a special taxable year that is created when a pilot program election is processed, deemed to close immediately after arising, and defined to have zero tax liability. An alternative would be to apply the $1,000 payment to an ordinary taxable year of the eligible child. Applying the $1,000 payment to a special taxable year allows the refund to be processed earlier, that is before the end of an ordinary taxable year.

This choice and several others would allow a pilot program election to be made as early as a few weeks after birth instead of waiting until the following calendar year. For example, for a child born in 2027, these choices provide the opportunity to earn up to one additional year of investment returns, depending on the child's date of birth. The Treasury Department and the IRS used historical returns for a broad index of U.S. equities to quantify the benefit of an additional six months of investment returns by age 18.[4] Among birth cohorts from June 1926 to May 2007, the median difference in account value at age 18 between $1,000 invested at birth and $1,000 invested six months after birth was $300.

Manner of pilot program election

The proposed regulations would clarify how to make a pilot program election. The proposed regulations would require a pilot program election to be made on a form, electronic application, or webpage. Under the proposed regulations, a pilot program election could be made at the same time as when a tax return is filed, but it would be on a form that is independent from the pilot program-electing individual's tax return. An alternative would be to require a pilot program election to be made on the pilot program-electing individual's tax return. Requiring the pilot program election to be made on a form that is independent from the pilot program-electing individual's tax return would allow the pilot program election to be made earlier than a pilot program election made on a tax return.

This choice and several others would allow a pilot program election to be made as early as a few weeks after birth instead of waiting until the following calendar year. For example, for a child born in 2027, these choices provide the opportunity to earn up to one additional year of investment returns, depending on the child's date of birth. The Treasury Department and the IRS used historical returns for a broad index of U.S. equities to quantify the benefit of an additional six months of investment returns by age 18.[5] Among birth cohorts from June 1926 to May 2007, the median difference in account value at age 18 between $1,000 invested at birth and $1,000 invested six months after birth was $300.

Earliest allowable pilot program election

The proposed regulations would clarify the earliest a pilot program election can be made. The proposed regulations would require a pilot program election to be made no earlier than the day that a child becomes eligible. An alternative would be to require a pilot program election to be made no earlier than January 1 of the year after a child becomes eligible. Allowing a pilot program election to be made as early as the day that a child becomes eligible is possible because of three other choices in the proposed regulations: (1) requiring a forward-looking qualifying child standard, (2) applying the $1,000 payment to a special taxable year, and (3) requiring the pilot program election to be on a form independent from a tax return. The proposed regulations made these choices to allow for the earliest possible pilot program election allowable by statute, which is the day that the child becomes eligible.

This choice and several others would allow a pilot program election to be made as early as a few weeks after birth instead of waiting until the following calendar year. For example, for a child born in 2027, these choices provide the opportunity to earn up to one additional year of investment returns, depending on the child's date of birth. The Treasury Department and the IRS used historical returns for a broad index of U.S. equities to quantify the benefit of an additional six months of investment returns by age 18.[6] Among birth cohorts from June 1926 to May 2007, the median difference in account value at age 18 between $1,000 invested at birth and $1,000 invested six months after birth was $300.

Latest allowable pilot program election

The proposed regulations would clarify the latest that a pilot program election can be made. The proposed regulations would require a pilot program election to be made no later than December 31 of the year the child attains age 17. An alternative would be to require a pilot program election to be made no later than the year in which the child attains age 3. Age 3 is salient because, in general, a refund can be claimed no more than three years after a Federal return is filed.[7] Age 17 is salient because it coincides with the end of the period when a Trump account can be opened and the end of the growth period. Age 17 was chosen rather than age 3 to provide more time to make a pilot program election. The proposed regulations would clarify that the statute of limitations for claiming a refund is not relevant to the pilot program election because (1) a pilot program election is not a claim for a refund of an overpayment and (2) the

[3] Kenneth R. French Data Library. https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html
[4] Kenneth R. French Data Library. https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html
[5] Kenneth R. French Data Library. https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html
[6] Kenneth R. French Data Library. https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html
[7] https://www.irs.gov/filing/time-you-can-claim-a-credit-or-refund

$1,000 payment is applied to a special taxable year, not to the year of birth or any ordinary taxable year.

Investment growth is generally maximized by making the investment as early as possible. However, some pilot program-electing individuals might not make a pilot program election as early as possible. One benchmark for timely pilot program elections may be timely filing of tax returns. Around ten percent of taxpayers who are required to file a return fail to file a timely return.[8] For example, for a child born in 2027, the choice to require a pilot program election to be made no later than December 31 of the year in which the child attains age 17 provides the opportunity to make the pilot program election as late as 2044. The Treasury Department and the IRS used historical returns for a broad index of U.S. equities to quantify the benefit at age 18 of returns on investments made at various ages.[9] Among birth cohorts from 1926 to 2006, Table 1 shows that while an earlier investment allows for more growth, there are still typically benefits at age 18 from making an investment even at age 17.

	Value at age 18 of investment in broad index of US equities		
Investment scenario	**10th percentile**	**50th percentile**	**90th percentile**
$1,000 at birth	2,980	6,180	13,800
$1,000 at age 1	2,860	5,690	11,990
$1,000 at age 2	2,680	4,920	10,040
$1,000 at age 3	2,400	4,750	9,030
$1,000 at age 4	2,150	4,260	8,040
$1,000 at age 5	2,020	3,990	7,110
$1,000 at age 6	1,770	3,620	6,350
$1,000 at age 7	1,660	3,280	5,380
$1,000 at age 8	1,680	3,150	4,670
$1,000 at age 9	1,480	2,740	4,110
$1,000 at age 10	1,350	2,460	3,560
$1,000 at age 11	1,340	2,350	3,040
$1,000 at age 12	1,180	2,050	2,720
$1,000 at age 13	1,050	1,890	2,390
$1,000 at age 14	1,020	1,630	2,060
$1,000 at age 15	990	1,400	1,810
$1,000 at age 16	970	1,240	1,590
$1,000 at age 17	900	1,160	1,330

Notes: Percentiles at age 18 are calculated based on birth cohorts 1926 through 2006. For a particular birth cohort, the value at age 18 of one dollar invested at birth is calculated as the gross 18-year market return for a broad index of US equities.

Prior pilot program election criterion

The proposed regulations would clarify how to apply the statutory requirement that no prior pilot program election has been made for an eligible child. The proposed regulations would specify that a prior pilot program election is only disqualifying if the prior pilot program election was processed by the Secretary. An alternative would be to disqualify a child for whom a prior pilot program election was made even if that prior pilot program election was not processed by the Secretary. Specifying that a prior pilot program election is only disqualifying if it was processed by the Secretary allows children who are otherwise eligible to receive the pilot program contribution even if an error was made on an initial pilot program election. The proposed regulations propose this rule to avoid penalizing eligible children for the behavior of individuals who improperly attempt to make pilot program elections.

To assess the benefits of allowing a child for whom a pilot program election was made but not processed to receive a $1,000 pilot program contribution after a subsequent pilot program election is made properly, the best evidence comes from a program in Oklahoma called SEED OK. SEED OK generated experimental evidence by embedding a randomized controlled trial into the design of the program. In 2007, Oklahoma randomly selected Oklahoma families to participate in the

[8] Langetieg, P., Payne, M. and Plumley, A., 2017. *Counting Elusive Nonfilers using IRS Rather than Census Data*. Internal Revenue Service Statistics of Income Working Paper.
[9] Kenneth R. French Data Library. https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html

SEED OK program and, for newborns of consenting families randomly assigned to the treatment group, automatically opened Oklahoma 529 accounts for qualified higher education expenses and deposited $1,000. Four years after the intervention, parents in the treatment group reported that their children exhibited higher levels of social-emotional development,[10] mothers were more likely to be using mainstream financial products,[11] and mothers reported fewer depressive symptoms.[12] Thirteen years after the intervention, parents in the treatment group had higher levels of educational expectations and college preparation.[13] Like other programs organized or run by American states and cities that fund asset-building accounts for young children, long-term outcomes on educational attainment, employment, earnings, and wealth are not yet available for SEED OK families because the oldest participants are still young adults.

II. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) (PRA) generally requires that a Federal agency obtain OMB approval before collecting information from the public, whether that collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

These proposed regulations describe an election required under section 6434 as set forth in proposed §301.6434-1 (pilot program election). Specifically, section 6434(d) grants the Secretary the authority to establish the time and manner of the pilot program election and proposed §301.6434-1(e) would provide that the pilot program election is made on a form prescribed by the Secretary or through an electronic application or webpage made available by the Secretary, in accordance with applicable instructions. A taxpayer would use such form or electronic application to make a pilot program election for the Trump accounts contribution pilot program under section 6434 and to establish eligibility. The information provided on the form or electronic application will be used by the IRS for tax compliance purposes and to determine election eligibility. The burden associated with this election is included in *Form 4547, Trump Account Election(s)*, and its instructions and approved with OMB control number 1545-2336 in accordance with PRA procedures under 5 CFR 1320.10. The Secretary may establish an electronic application or webpage to collect the same information. If established, the burden associated with this electronic application will be included on the application and approved by OMB in accordance with the same PRA procedures.

III. Regulatory Flexibility Act

The Secretary of the Treasury hereby certifies that these proposed regulations would not have a significant economic impact on a substantial number of small entities pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6). The proposed rules would affect any individual who would like to make a pilot program election or receive a $1,000 pilot program contribution. By statute, small entities are not permitted to make a pilot program election or to receive a $1,000 pilot program contribution. The proposed rules would not impose any requirement or obligation upon small entities. Accordingly, a regulatory flexibility analysis under the Regulatory Flexibility Act is not required.

IV. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of $100 million in 1995 dollars, updated annually for inflation. These proposed regulations do not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

V. Executive Order 13132: Federalism

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. These proposed regulations do not have federalism implications and do not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

VI. Small Business Administration

Pursuant to section 7805(f) of the Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Request for a Public Hearing

Before these proposed amendments to the final regulations are adopted as final regulations, consideration will be given to any comments that are timely submitted to the IRS as prescribed in this preamble under the **ADDRESSES** heading. The Treasury Department and the IRS request comments on all aspects of the proposed

[10] Huang, J., Sherraden, M., Kim, Y. and Clancy, M., 2014. Effects of Child Development Accounts on early social-emotional development: An experimental test. JAMA pediatrics, 168(3), pp.265-271.

[11] Huang, J., Sherraden, M.S., Sherraden, M. and Johnson, L., 2022. Experimental effects of child development accounts on financial capability of young mothers. Journal of Family and Economic Issues, 43(1), pp.36-50.

[12] Huang, J., Sherraden, M. and Purnell, J.Q., 2014. Impacts of Child Development Accounts on maternal depressive symptoms: Evidence from a randomized statewide policy experiment. Social Science & Medicine, 112, pp.30-38.

[13] Sun, S., Huang, J. and Sherraden, M., 2025. The Long-Term Impacts of Child Development Accounts on Parental Educational Expectations and College Preparation. Social Service Review, 99(2).

regulations. Any comments submitted will be available at *https://www.regulations.gov* or upon request. A public hearing will be scheduled if requested in writing by any person who timely submits electronic or written comments. Requests for a public hearing are also encouraged to be made electronically. If a public hearing is scheduled, notice of the date and time for the public hearing will be published in the ***Federal Register***.

Drafting Information

The principal author of these proposed regulations is Molly E. Lovern of the Office of Associate Chief Counsel (Procedure and Administration). Other personnel from the Treasury Department and the IRS participated in its development.

Lists of Subjects in 26 CFR Part 301

Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and IRS propose to amend 26 CFR part 301 as follows:

PART 301–PROCEDURE AND ADMINISTRATION

Paragraph 1. The authority citation for part 301 is amended by adding an entry for §301.6434-1 in numerical order to read, in part, as follows:

Authority: 26 U.S.C. 7805.

* * * * *

Section 301.6434-1 also issued under 26 U.S.C. 6434(d).

* * * * *

Par. 2. Section 301.6434-1 is added to read as follows:

§301.6434-1 Election for Trump accounts contribution pilot program.

(a) *In general*. This section provides rules for the Trump accounts contribution pilot program and pilot program election under section 6434 of the Internal Revenue Code (Code). A pilot program-electing individual must make a pilot program election with respect to an eligible child of such individual in order for the Secretary to make a $1,000 contribution into the Trump account for which such eligible child is the account beneficiary ($1,000 pilot program contribution).

(b) *Definitions*. The following definitions apply solely for purposes of this section.

(1) *Eligible child*. The term *eligible child* means an individual:

(i) Who the pilot program-electing individual anticipates will be that individual's qualifying child under section 152(c) of the Code for the taxable year of the pilot program-electing individual in which the pilot program election is made;

(ii) Who is born after December 31, 2024, and before January 1, 2029;

(iii) Who is a United States citizen;

(iv) To whom a social security number has been issued; and

(v) With respect to whom no prior pilot program election has been made by any individual and processed by the Secretary.

(2) *Pilot program election.* The term *pilot program election* means an election under section 6434.

(3) *Pilot program-electing individual.* The term *pilot program-electing individual* means an individual authorized to make a pilot program election with respect to an eligible child. An individual is authorized to make a pilot program election if the eligible child for whom the pilot program election is to be made meets the requirements in paragraph (b)(1)(i) of this section with respect to such individual.

(4) *Secretary.* The term *Secretary* means the Secretary of the Treasury or the Secretary's delegate.

(5) *Social security number.* The term *social security number* has the meaning given such term in section 24(h)(7)(B) of the Code, determined by substituting "before the date of the election made under section 6434" for "before the due date of such return" in section 24(h)(7)(B)(ii).

(6) *Special taxable year.* The term *special taxable year* means a taxable period of an eligible child for a Federal income tax liability under subtitle A of the Code solely for the purposes of section 6434:

(i) That is deemed to arise solely upon the Secretary's processing of a pilot program election with respect to the eligible child;

(ii) That is deemed to close immediately after arising;

(iii) For which no Federal income tax liability is owed; and

(iv) Which bears no relation to the Federal income tax liability of the pilot program-electing individual for any taxable period.

(7) *Trump account*. The term *Trump account* has the meaning given such term in section 530A(b)(1) of the Code.

(c) *Effect of pilot program election*--(1) *In general*. A pilot program election must be made by a pilot program-electing individual with respect to the special taxable year of an eligible child of the pilot program-electing individual. A pilot program election has no effect on any taxable period of the pilot program-electing individual.

(2) *Deemed payment*. Upon the Secretary's processing of a pilot program election with respect to an eligible child, the eligible child will be treated as making a payment in the amount of $1,000 against the eligible child's Federal income tax liability under subtitle A of the Code for the eligible child's special taxable year, resulting in a $1,000 overpayment for the eligible child's special taxable year.

(3) *Refund of overpayment as contribution*. The $1,000 overpayment described in paragraph (c)(2) of this section will only be refunded by the Secretary as a $1,000 pilot program contribution directly to the Trump account established with respect to the eligible child. Under no circumstances will a refund be made under the provisions of section 6434 except as a $1,000 pilot program contribution to the Trump account established with respect to the eligible child.

(4) *Excepted from reduction or offset*. The $1,000 overpayment described in paragraph (c)(2) of this section will be refunded by the Secretary as a $1,000 pilot program contribution to the Trump account of the eligible child without being offset against past-due debts under common law or section 6402(c), (d), (e), and (f) of the Code or credited under section 6402(a) against any other assessed Federal tax liabilities of the pilot program-electing individual or eligible child.

(5) *Not a claim for credit or refund*. A pilot program election does not constitute a claim for credit or refund.

(d) *Timing of election*--(1) *Election period*. A pilot program election must be made:

(i) No earlier than the day the eligible child meets the definition of an eligible child under paragraph (b)(1) of this section; and

(ii) No later than December 31 of the calendar year in which the eligible child attains age 17.

(2) *Resolving multiple elections for an eligible child*. Only the first pilot program election processed by the Secretary with respect to an eligible child will result in a $1,000 overpayment being refunded as a $1,000 pilot program contribution by the Secretary into the Trump account of such eligible child under paragraph (c)(3) of this section. Once the Secretary processes the first pilot program election with respect to an eligible child, no further pilot program elections for such eligible child will be processed.

(3) *9100 relief not available*. Relief is not available under §§301.9100-1, 301.9100-2, and 301.9100-3 to make a late pilot program election under section 6434.

(e) *Manner of making election*--(1) *In general*. A pilot program election must be made by a pilot program-electing individual on the form prescribed by the Secretary or through an electronic application or webpage made available by the Secretary, in accordance with applicable instructions. No pilot program election will be processed and no $1,000 pilot program contribution to a Trump account under paragraph (c)(3) of this section will be made unless the pilot program-electing individual makes the pilot program election in such manner.

(2) *Social security number required*. A pilot program election made with respect to an eligible child must include the eligible child's social security number. No pilot program election will be processed and no $1,000 pilot program contribution to a Trump account under paragraph (c)(3) of this section will be made unless such pilot program election includes the eligible child's social security number.

(f) *Applicability date.* This section applies on or after January 1, 2026.

Frank J. Bisignano,
Chief Executive Officer.

(Filed by the Office of the Federal Register March 6, 2026, 8:45 a.m., and published in the issue of the Federal Register for March 9, 2026, 91 FR 11203)

Notice of Proposed Rulemaking

Trump Accounts

REG-117270-25

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations relating to Trump accounts. The proposed regulations provide guidance on making an election to open a Trump account and reserve additional sections for further guidance on Trump accounts. The proposed regulations would affect children eligible to have a Trump account, individuals who would make elections with respect to those children, and trustees of Trump accounts.

DATES: Written or electronic comments and requests for a public hearing must be received by May 8, 2026**.**

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at *https://www.regulations.gov* (indicate IRS and REG-117270-25) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the "Comments and Requests for a Public Hearing" section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comments submitted to the IRS's public docket on www.regulations.gov. Send paper submissions to: CC:PA:01:PR (REG-117270-25), room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulation, Neil Sandhu at (804) 916-3775; concerning submissions of comments or a public hearing, the Publications and Regulations Section at (202) 317-6091 (not toll-free numbers) or by email at publichearings@irs.gov (preferred).

SUPPLEMENTARY INFORMATION:

Authority

This document contains proposed amendments to the Income Tax Regulations (26 CFR part 1) to implement section 530A of the Internal Revenue Code (Code). Section 530A(a) authorizes the Secretary[1] to prescribe special rules for when a Trump account is not treated in the same manner as an individual retirement account (IRA) under section 408(a). Section 530A(b)(1)(A)(i) provides that an individual's first Trump account (initial Trump account) is to be "created or organized by the Secretary." Section 530A(b)(1)(B) provides that a Trump account must be "designated (in such manner as the Secretary shall prescribe)" at the time of its establishment as a Trump account. Section 530A(b)(2)(C) authorizes the Secretary to prescribe rules regarding the time and manner for making elections to establish a Trump account. Section 408(a)(2) authorizes the Secretary to approve nonbank trustees for an IRA. Section 7805(a) authorizes the Secretary to "prescribe all needful rules and regulations for the enforcement of [the Code], including all rules and regulations as may be necessary by reason of any alteration of law in relation to internal revenue."

[1] Section 7701(a)(11)(B) provides that the term "Secretary" means the Secretary of the Treasury or his delegate. Section 7701(a)(12)(A)(i) defines delegate to include any agency of the Treasury Department, which includes the IRS.

Background

Section 70204 of Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly referred to as the One, Big, Beautiful Bill Act, added new sections 530A, 128, and 6434 to the Code. Section 530A provides for the establishment of a Trump account for an eligible individual.

A Trump account is a type of traditional IRA established for the exclusive benefit of an eligible individual or such eligible individual's beneficiaries under section 530A. The Secretary will create or organize the initial Trump account for each eligible individual. An eligible individual is any individual (i) who has not attained age 18 before the close of the calendar year in which an election to open an initial Trump account is made, (ii) for whom a social security number (within the meaning of section 24(h)(7)) has been issued before the date on which the election is made, and (iii) for whom the election is made. After an initial Trump account has been established, a subsequent Trump account (rollover Trump account) may be established for the account beneficiary during the period that begins when such initial Trump account is established and that ends on December 31st of the calendar year in which the account beneficiary[2] of the initial Trump account attains age 17 (growth period). The rollover Trump account must be funded by a qualified rollover contribution, which is a trustee-to-trustee transfer of the entire account balance from the account beneficiary's existing Trump account.[3]

A Trump account is subject to certain special rules inapplicable to other traditional IRAs. The special rules that apply only during the growth period include rules regarding contributions, investments, distributions, and reporting. After the growth period, most of the special rules no longer apply and the rules under section 408 governing traditional IRAs generally apply. Proposed regulations regarding the special rules that apply during and after the growth period are reserved in this document. The Treasury Department and IRS anticipate proposing regulations regarding these rules at a future date.

Additionally, section 70204 of the One, Big, Beautiful Bill Act added section 6434, which provides for a one-time $1,000 pilot program contribution from the Secretary to the Trump account of an eligible child with respect to whom an election is made under section 6434. Section 6434(a) provides that an election for the pilot program contribution is made by an individual with respect to an eligible child of that individual. Section 6434(c) provides that an eligible child is a qualifying child under section 152(c) who (i) is born during the 2025, 2026, 2027, or 2028 calendar years; (ii) has had no prior pilot program election made by any individual; and (iii) is a United States citizen. The Treasury Department and the IRS are proposing regulations under section 6434 in a separate notice of proposed rulemaking (REG-117002-25) published elsewhere in this issue of the ***Federal Register***.

Because the criteria under section 530A to be an eligible individual for whom an initial Trump account can be opened are less restrictive than the criteria under section 6434 to be an eligible child for a pilot program contribution, only some eligible individuals will also be an eligible child. Similarly, the criteria under section 530A for who can make the election to open an initial Trump account are less restrictive than the criteria under section 6434 for who can make the election for a pilot program contribution.

Section 128 employer contributions paid to a Trump account of an employee or a dependent of an employee are not includible in the employee's income. Such contributions are limited to $2,500, subject to cost-of-living adjustments after 2027. Section 128 employer contributions must be made pursuant to a section 128(c) Trump account contribution program. (The Treasury Department and the IRS intend to issue guidance under section 128 at a future date.)

Notice 2025-68, 2025-52 IRB 856, informed taxpayers that the Treasury Department and the IRS intend to propose regulations providing guidance with respect to section 70204, including with respect to making an election to open an initial Trump account. The notice addresses certain initial questions related to Trump accounts and requests comments, with the comment period ending February 20, 2026. The notice indicates that proposed regulations regarding the election to open an initial Trump account (that is, these proposed regulations) may be issued prior to the end of the comment period and to the extent comments in response to the notice regarding that subject are not received in time to consider in drafting the proposed regulations, they will be considered in drafting the final regulations.

Explanation of Provisions

Proposed §1.530A-1 would provide general requirements for Trump accounts, certain definitions relating to Trump accounts, rules regarding the election to open an initial Trump account, and rules regarding the responsible party for the initial Trump account.

I. *Trump Accounts - General Requirements*

As provided under section 530A(b)(1), proposed §1.530A-1(b)(1) would provide that a Trump account is a type of traditional IRA that is established for the exclusive benefit of an eligible individual and, after the death of the individual, his or her beneficiaries. As provided under section 530A(h)(1), proposed §1.530A-1(b)(1) would clarify that a Trump account cannot be a SIMPLE IRA under section 408(p) and cannot accept contributions from an employer's SEP arrangement under section 408(k).

Proposed §1.530A-1(b)(2) would provide requirements for a Trump account. First, as provided under section 530A(b)(1)(A)(i) and (ii), a Trump account is either (i) an initial Trump account, which is a Trump account created or organized by the Secretary for an eligible individual,

[2] After an initial Trump account has been opened for an eligible individual, the individual is referred to as the account beneficiary.

[3] A Trump account qualified rollover contribution under section 530A(e) may be made only during an account beneficiary's growth period and is different from and unrelated to a qualified rollover contribution for a Roth IRA under section 408A(e).

or (ii) a rollover Trump account, which is a subsequent Trump account created during the growth period and funded by a qualified rollover contribution from the account beneficiary's existing Trump account.[4] Because a rollover Trump account must be funded by a qualified rollover contribution (which is a transfer of the entire account balance from the individual's prior Trump account), an individual is permitted to have only one Trump account containing funds (funded Trump account) at a time.

Second, because a Trump account is a traditional IRA, the written governing instrument establishing a Trump account must generally meet the requirements of section 408(a)(1) through (6), as well as the requirements of section 530A(b)(1)(C)(i) through (iii). The written governing instrument generally should reflect both the rules that apply during the growth period and the rules that apply after the growth period. The requirements of section 530A(b)(1)(C)(i) through (iii) would be clarified in §§1.530A-2 through 1.530A-4, which are reserved in this document and are expected to be proposed in the future.

Third, under the authority in sections 408(a)(2) and 530A(a), proposed §1.530A-1(b)(2)(iii) would provide for the automatic approval to act as a trustee of a Trump account of any person approved by the IRS as of December 31, 2025, to be a nonbank trustee of an IRA. Persons who are approved by the IRS after December 31, 2025, must request approval in the application to act as a trustee of a Trump account. The Treasury Department and the IRS are also considering changes to the requirements to be a nonbank trustee and request comments. In particular, comments are requested on whether the adequacy of net worth requirement in §1.408-2(e)(5)(ii) should be changed to treat certain debt as equity (for example, for broker-dealers, debt meeting the conditions specified in the rule may be treated as capital pursuant to the Securities and Exchange Commission rule in 17 CFR 240.15c3-1), whether the special rule for a governmental unit seeking to be a nonbank trustee in §1.408-2(e)(8) should be expanded to include other types of IRAs (including Trump accounts) beyond a deemed IRA that is part of the governmental unit's own qualified employer plan, and whether the fiduciary experience requirement in §1.408-2(e)(2)(iii) should take into account the fiduciary experience of subcontractors of the applicant.

Fourth, as provided under section 530A(b)(1)(B), the written governing instrument establishing a Trump account must clearly designate the account as a Trump account at the time of establishment. Proposed §1.530A-1(b)(2)(iv) would also require that the account must be titled as a Trump account.

Proposed §1.530A-1(b)(3) would outline the general areas where Trump accounts differ from other traditional IRAs. There are special rules for Trump accounts during the growth period related to: contributions (as provided under section 530A(c)); investments (as provided under section 530A(b)(3)); distributions (as provided under section 530A(d)); reporting (as provided under section 530A(i)); and coordination with IRA rules (as provided under section 530A(h)). These requirements would be clarified in §§1.530A-2 through 1.530A-6, which are reserved in this document and are expected to be proposed in the future. Proposed §1.530A-1(b)(3) would also provide that, after the growth period, the rules under section 408 that apply to other traditional IRAs generally apply to Trump accounts (as provided under section 530A(a) and (h)).

Proposed §1.530A-1(b)(4) would define terms that apply for purposes of section 530A and the regulations thereunder.

In accordance with section 530A(b)(4), proposed §1.530A-1(b)(4)(i) would define *account beneficiary* as the individual for whom a Trump account was established.

Proposed §1.530A-1(b)(4)(ii) would define *authorized individual* as the individual described in proposed §1.530A-1(c)(1)(i).

In accordance with section 530A(b)(2), proposed §1.530A-1(b)(4)(iii) would define *eligible individual* as any individual who has not attained age 18 before the end of the calendar year in which an election to open an initial Trump account is made under §1.530A-1(c), has been issued a social security number within the meaning of section 24(h)(7) before the election is made, and for whom the election is made pursuant to proposed §1.530A-1(c).

Proposed §1.530A-1(b)(4)(iv) would define an account beneficiary's *growth period* as the period that begins when the initial Trump account is established and ends on December 31 of the calendar year in which the account beneficiary attains age 17. This term is created for ease of reference and stands for the concept generally used in section 530A of "the period before the first day of the calendar year in which the account beneficiary attains age 18."

Proposed §1.530A-1(b)(4)(v) would define *IRA* for purposes of section 530A as an individual retirement account under section 408(a) and includes a custodial account that is treated as a trust pursuant to section 408(h). Although in other places in the Code and regulations, the term *IRA* includes both individual retirement accounts under section 408(a) and individual retirement annuities under section 408(b), this definition excludes individual retirement annuities under section 408(b), in accordance with section 530A(b)(1).

Proposed §1.530A-1(b)(4)(vi) would define *pilot program contribution* as a $1,000 contribution made by the Secretary upon the processing of an election for the Trump accounts contribution pilot program under section 6434. Only individuals who meet the definition of an eligible child under section 6434 (which is different from the section 530A(b)(2) definition of eligible individual) are eligible to receive a pilot program contribution.

In accordance with section 530A(e), proposed §1.530A-1(b)(4)(vii) would define *qualified rollover contribution* as a direct trustee-to-trustee transfer of the account beneficiary's entire Trump account balance to a rollover Trump account for the same account beneficiary.

Proposed §1.530A-1(b)(4)(viii) would define *traditional IRA* as an individual retirement account under section 408(a) that is not a Roth IRA under section 408A.

Proposed §1.530A-1(b)(5) would provide that, for purposes of section 530A,

[4] The Treasury Department and IRS intend to release sample language for rollover Trump accounts in future guidance.

an individual will attain an age on the individual's birthday (the birthday rule). *See* Rev. Rul. 2003-72, 2003-33 IRB 346, for other instances in which the birthday rule is applied for specific sections of the Code.

II. *Election to Open an Initial Trump Account*

A. *Who can make the election*

Proposed §1.530A-1(c)(1) would provide that an election to open an initial Trump account for an eligible individual could be made either by an authorized individual or by the Secretary, in accordance with the two methods for making an election provided under section 530A(b)(2)(C).

As provided under section 530A(b)(2)(C)(ii), a person other than the Secretary (which the proposed regulation would limit to a particular person referred to as the "authorized individual") may make the election if no prior election to open an initial Trump account has been made by the Secretary for the eligible individual. Under the proposed regulation, an authorized individual would be defined in two different ways. If an election under section 6434 for a pilot program contribution is being made at the same time as the election to open the initial Trump account, proposed §1.530A-1(c)(1)(i)(A) would provide that the authorized individual is the individual authorized to make (and is making) the election under section 6434 for a pilot program contribution. This approach would ensure that the person permitted to elect to open the initial Trump account is the same person making a pilot program election under section 6434. The proposed regulations would provide that, by making the election, the authorized individual is representing, under penalties of perjury, that he or she is the pilot program-electing individual.

If a pilot program election is not being made at the same time as the election to open an initial Trump account (for example, because the eligible individual was born before January 1, 2025, and therefore is not eligible for a pilot program contribution), proposed §1.530A-1(c)(1)(i)(B) would provide an ordering rule to determine who is the authorized individual for purposes of making the election to open an initial Trump account. Because only one election to open an initial Trump account can be made for an eligible individual, the Treasury Department and the IRS believe that an ordering rule is necessary to provide a clearer process for determining who may make that election. Under the proposed ordering rule, the authorized individual would be, in order of priority, a legal guardian, parent, adult sibling, or grandparent of the eligible individual. If multiple individuals share the same highest level of priority and no prior election has been made for the eligible individual, any individual with that level of priority may make the election to open an initial Trump account. Because no pilot program election is being made, there is no need to conform to the requirements of section 6434. This ordering rule is based on §1.529A-2(c), which governs who (other than the designated beneficiary of an account established under a section 529A[5] qualified ABLE program (an ABLE account)) may establish the designated beneficiary's only ABLE account. The proposed regulations would provide that, by making the election, the authorized individual is representing, under penalty of perjury, that he or she is authorized under these rules to open the initial Trump account for the eligible individual and that there is no other person with a higher priority available to make the election.

Comments are requested on (1) whether definitions are needed for the terms "legal guardian," "parent," "sibling," and "grandparent," (2) whether any other individual who bears a relationship to the eligible individual under section 152(c)(2) should also be an authorized individual, and (3) who may be the authorized individual in situations involving foster children, orphans, emancipated minors, wards of the State, and other situations involving minors that may need clarification in the regulations (particularly, whether a State that is the guardian of the child would be an authorized person eligible to open the account).

Alternatively, as would be provided in proposed §1.530A-1(c)(1)(ii), if an election was made by an individual who was not an authorized individual with respect to an eligible individual at the time that the election was made, the Secretary is deemed to have made the election to open the initial Trump account. In such instance, even though the Trump account was opened based on an election by an individual who was not an authorized individual, the account will not cease to be a Trump account. See Section II.C for certain situations in which a responsible party may be removed and replaced.

The Treasury Department and the IRS have received comments that the Secretary should make an election on behalf of each individual who has met the requirements to be an eligible individual based on information from tax returns or otherwise (for example, from Social Security Administration data). Commenters argue that making an election to open an initial Trump account on behalf of these children is within the authority granted to the Secretary under section 530A(b)(2)(C)(i). Commenters point to the success of automatic enrollment (opt-out design) in analogous state-based early wealth building programs and also in qualified retirement plans. These opt-out designs (which do not require any participant action before enrollment) have increased participation relative to opt-in designs (which require action before enrollment).

Notably, opt-out designs that exist in analogous state-based early wealth building programs and qualified retirement plans involve pooled accounts as opposed to individual retirement accounts. Pooled accounts are well-suited to automatic enrollment because a plan or program can add a new individual as a participant or beneficiary of an existing pooled vehicle without establishing a new, separately maintained account in that individual's name. By contrast, automatically opening a Trump account would require establishing a new individual account and completing the associated administrative steps needed to open and maintain that account in compliance with the Code and other applicable law (including federal and state

[5] Section 529A was enacted by Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014, which was enacted as part of the Tax Increase Prevention Act of 2014, Public Law 113-295 (128 Stat. 4010).

banking, securities, and anti-money laundering laws).

Although opt-out designs would result in higher participation, the Treasury Department and the IRS have determined that it is necessary to limit the situations in which the Secretary will make the election. Most significantly, the Secretary would be unable to fulfill certain requirements to open and operate a Trump account without disclosure of taxpayer information. Section 6103 prohibits the disclosure or inspection of information from taxpayers' tax returns or that is otherwise received, recorded, prepared, furnished to, or collected by the IRS with respect to the taxpayer except as expressly authorized in the Code. Without an exception from the prohibition on disclosure, the Treasury Department would be unable to perform necessary actions to open an account, make eligible investments (which could be reportable financial transactions), or assign a responsible party other than the Secretary; thus, an account opened in this way would therefore be unable to comply with the Code and applicable law.

Without an exception to section 6103, the Secretary may be prohibited from disclosing the existence of the Trump account to any individuals who might apply to become a responsible party. This would be a barrier to the account receiving any contributions from family members, who would not have any account information, or to receiving the pilot program contribution (because an election must be made by a pilot program-electing individual under section 6434). It would also prevent families from opening rollover Trump accounts because there would be no ability to authorize a qualified rollover contribution, which is needed to fund the rollover Trump account. Keeping the Secretary as the responsible party would be particularly problematic for account beneficiaries otherwise eligible for a rollover to an ABLE account because the Secretary generally will have no way of knowing whether such a rollover would be appropriate for a particular beneficiary.

The Treasury Department and the IRS have sought to make the election process as simple and frictionless as possible by permitting individuals to file a one-page Form 4547 at the time of filing their tax return or at a different time, or through an electronic application or webpage made available by the Secretary. Comments are requested on additional ways in which the Treasury Department and the IRS can further simplify making the election to open an initial Trump account while complying with the requirements under the Code and applicable law (including federal and state banking, securities, and anti-money laundering laws). Comments are also requested on whether the Treasury Department and the IRS should authorize a State or other government entity to make an election on behalf of an eligible individual after a certain period of time if an initial Trump account has not yet been created by an authorized individual, again while complying with the requirements under the Code and other applicable laws.

B. *How to make the election*

Proposed §1.530A-1(c)(2) would provide that an election by an authorized individual to open an initial Trump account must be made on or before December 31 of the calendar year in which the eligible individual attains age 17, as required by section 530A(b)(2)(A).

Proposed §1.530A-1(c)(3) would provide that the election by an authorized individual must be made on the form prescribed by the Secretary (Form 4547, *Trump Account Election(s)*) or through an electronic application or webpage made available by the Secretary, in accordance with applicable instructions. The election may be made at any time during the period specified in proposed §1.530A-1(c)(2), including at the same time that the authorized individual files such individual's Federal income tax return. The initial Trump account election, however, is not a part of any individual's tax return and is independent of the filing of the income tax return.

Proposed §1.530A-1(c)(4) would provide that only the first election to open an initial Trump account processed by the IRS with respect to an eligible individual will result in an initial Trump account being opened for that eligible individual. Once the first election is processed, no further election to open an initial Trump account will be allowed. This proposed rule is intended to prevent multiple initial Trump accounts from being opened for the same eligible individual and conforms with the section 530A(b)(2)(C) requirements that no prior election for that eligible individual has been made.

C. *Responsible party*

Section 530A(b)(1)(A)(i) requires that the Secretary create or organize the initial Trump account. Because the account beneficiary of a Trump account does not initially have legal capacity under applicable law, a responsible party is needed to take actions on behalf of the account beneficiary in managing the Trump account; therefore, the Secretary must designate a responsible party to act on behalf of the account beneficiary. Proposed §1.530A-1(d) would provides that, in general (that is, unless State law or, if the trustee chooses, the account agreement, provides otherwise), the responsible party of the initial Trump account will be the individual who makes the election to open the account. The responsible party could have the authority to select among eligible investments (if there is more than one eligible investment offered), to direct a transfer to a different trustee pursuant to a qualified rollover contribution or to an ABLE account pursuant to a qualified ABLE rollover contribution, or to select a successor responsible party. However, applicable law, including State law, or the account agreement could limit or condition the actions that the responsible party will be able to take on behalf of the account beneficiary.

The Treasury Department and the IRS recognize that there may be situations in which it may be appropriate for the person who is currently the responsible party of a Trump account to be replaced, including when the individual who made the election to open the initial Trump account was not, in fact, an authorized individual. In these situations, applicable law (including State law) or the account agreement will govern when and how a responsible party may be removed and replaced. For example, a legal guardian might be able to obtain a court appointment under applicable State law to be a responsible party of a Trump account. Further, to the extent not inconsistent with State law, the account agreement might provide procedures

under which a responsible party may be removed and replaced without a court appointment. For example, to the extent not inconsistent with applicable law, these procedures could include who can request the removal of a responsible party (such as the account beneficiary's legal guardian) and who can be the new responsible party (such as a corporate trustee, the account beneficiary's legal guardian, or another person who is an authorized individual, consistent with the ordering rule in proposed §1.530A-1(c)(1)).

III. *Reserved Regulations Regarding Trump Accounts*

This notice of proposed rulemaking reserves §§1.530A-2 through 1.530A-6 for future guidance addressing contributions, investments, distributions, reporting, and other special rules and coordination with IRA rules.

Proposed Applicability Date

The regulations are proposed to apply to taxable years beginning on or after January 1, 2026. In accordance with section 7805(b)(2), the Treasury Department and the IRS intend to publish final regulations within 18 months of the date of enactment of section 530A.

Special Analyses

I. *Regulatory Planning and Review*

Executive Orders 12866 and 13563 direct agencies to assess costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility.

The proposed regulations have been designated by the Office of Management and Budget's (OMB's) Office of Information and Regulatory Affairs (OIRA) as subject to review under Executive Order 12866 pursuant to the Memorandum of Agreement (MOA, July 4, 2025) between the Treasury Department and the OMB regarding review of tax regulations. OIRA has determined that the proposed rulemaking is economically significant under section 3(f)(1) of Executive Order 12866 and subject to review under Executive Order 12866 and section 1(b) of the MOA. Accordingly, the proposed regulations have been reviewed by OMB. This proposed rule is not expected to be considered a regulatory action under Executive Order 14192 because it imposes no more than de minimis costs.

Need for Regulation

The proposed regulations would explain how to make an election to open a Trump account under section 530A of the Internal Revenue Code (Code). The proposed regulations would define terms for the purpose of implementing section 530A, clarify who may elect to open an initial Trump account, explain how to elect to open an initial Trump account, and designate a default responsible party to manage an initial Trump account on behalf of the account beneficiary.

The Statute and the Proposed Regulations

Public Law 119-21, commonly referred to as the One, Big, Beautiful Bill Act, added new sections 530A, 128, and 6434 to the Code. Section 530A describes Trump accounts, section 128 describes certain employer contributions to Trump accounts, and section 6434 describes the Trump accounts contribution pilot program. The proposed regulations provide guidance on making an election to open an initial Trump account under section 530A.

Section 530A defines a Trump account as a traditional individual retirement account (IRA) with some special rules. Most special rules that distinguish Trump accounts from other IRAs apply only during the growth period. The first day of the growth period is the day the account is established, and the final day of the growth period is December 31 of the calendar year in which the account beneficiary attains age 17. The rules for traditional IRAs generally apply after the growth period. A Trump account may be established for the benefit of a child prior to the calendar year in which the child attains age 18 if the child has been issued a social security number.

In general, distributions from Trump accounts are not permitted during the growth period. The entire balance of a Trump account may be rolled over in a direct trustee-to-trustee transfer to a new Trump account of the account beneficiary. The entire balance of a Trump account may be rolled over in a direct trustee-to-trustee transfer to an ABLE account of the account beneficiary in the calendar year the account beneficiary attains age 17.

Investments in a Trump account must track the returns of a broad index of equities in primarily U.S. companies for which regulated futures contracts are traded, avoid the use of leverage, and avoid annual fees and expenses above 0.1%.

Trump accounts may receive contributions from nonprofits, governments, employers, and individuals. In general, contributions to a Trump account are subject to an annual limit of $5,000, adjusted for inflation.

Governments and nonprofits may only make contributions through the Treasury Department, and such contributions must be made in equal amounts to the Trump accounts of every account beneficiary in a qualified class. Contributions from governments and nonprofits through the Treasury Department do not count towards the $5,000 annual contribution limit.

Section 128 sets rules for certain employer contributions to Trump accounts. Employers may contribute to the Trump account of an employee or an employee's dependent. Section 128 employer contributions to a Trump account are excluded from the employee's income, up to an annual limit of $2,500, adjusted for inflation. Section 128 employer contributions count towards the $5,000 annual contribution limit.

Section 6434 describes the Trump accounts contribution pilot program. In the pilot program, the Secretary will pay $1,000 to the Trump accounts of eligible children. A U.S. citizen born in 2025, 2026, 2027, or 2028 who has been issued a social security number and for whom no request for a pilot program contribution has previously been processed is eligible for a pilot program contribution. Pilot program contributions do not count towards the $5,000 annual contribution limit.

All other contributions to a Trump account, including contributions from friends or family members, are non-deductible contributions (they create investment in the contract (basis)) and count towards the $5,000 annual contribution limit.

The proposed regulations would be just one piece of the implementation of section 530A; the proposed regulations would reserve the following sections in the Code of Federal Regulations for future guidance: §§1.530A-2, 1.530A-3, 1.530A-4, 1.530A-5, and 1.530A-6. The proposed regulations would define the following terms for the purposes of implementing section 530A: growth period, IRA, pilot program contribution, and traditional IRA. Growth period is a concise term for the period described repeatedly by the statute as "the period before the first day of the calendar year in which the account beneficiary attains age 18." An IRA is an individual retirement account. A pilot program contribution is a contribution to a Trump account under section 6434. A traditional IRA is an individual retirement account that is not a Roth IRA.

The proposed regulations would clarify who may elect to open an initial Trump account. Under the proposed regulations, an individual who is making a pilot program election for an eligible child under section 6434 must also elect to open an initial Trump account if no prior election was made to open an initial Trump account.[6] If no individual is making a pilot program election, then one of the following individuals may elect to open an initial Trump account: a legal guardian, a parent, an adult sibling, or a grandparent, in that order of priority.

The proposed regulations would explain how to elect to open an initial Trump account. Under the proposed regulations, the election to open an initial Trump account must be made on a form prescribed by the Secretary (Form 4547, Trump Account Election(s)) or through an electronic application or webpage made available by the Secretary.

The proposed regulations would designate a default responsible party to manage an initial Trump account on behalf of the account beneficiary while the account beneficiary does not have legal capacity. Under the proposed regulations, in general, the default responsible party for an initial Trump account is the individual who makes the election to open an initial Trump account.

Baseline

The Treasury Department and the IRS have assessed the benefits and costs of the proposed regulations relative to a no-action baseline reflecting anticipated Federal income tax-related behavior in the absence of these proposed regulations.

Affected Entities and Taxpayers

The proposed regulations are expected to affect 73 million children in 44 million families.

Economic Effects of the Proposed Regulations

Election to open an initial Trump account

In general, the regulations would provide clarity to the 44 million families with children under age 18 who may be eligible to open an initial Trump account. The regulations would be responsive to the statutory requirement that the election to open an initial Trump account be made in a time and manner prescribed by the Secretary. These regulations would clarify who may open an initial Trump account for the minor child and in what order of priority, and who may be the responsible party for the initial Trump account while the child is still a minor. The statute does not prescribe a time or manner to make the election to open an initial Trump account; the statute requires the Secretary to prescribe the time and manner of an election. Providing clarity about the election to open an initial Trump account would result in initial Trump accounts opening for some children under age 18 for whom an account would have been opened later or not at all. Those children would benefit from receiving a qualified general contribution or a contribution from a family member that they may have missed had the account been opened later or not at all. The Treasury Department and the IRS used historical returns for a broad index of U.S. equities to quantify the benefit at age 18 of $1,000 invested at various ages.[7] Among birth cohorts from 1926 to 2006, Table 1 shows that while an earlier investment allows for more growth, there are still typically benefits at age 18 from making an investment even at age 17.

[6] A pilot program election under section 6434 is a request for a pilot program contribution, which is $1,000 paid to the Trump account of a child born in 2025 through 2028. A pilot program election is distinct from an election to open an initial Trump account under section 530A.

[7] Kenneth R. French Data Library. https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html

Table 1

	Value at age 18 of investment in broad index of US equities		
Investment scenario	**10th percentile**	**50th percentile**	**90th percentile**
$1,000 at birth	2,980	6,180	13,800
$1,000 at age 1	2,860	5,690	11,990
$1,000 at age 2	2,680	4,920	10,040
$1,000 at age 3	2,400	4,750	9,030
$1,000 at age 4	2,150	4,260	8,040
$1,000 at age 5	2,020	3,990	7,110
$1,000 at age 6	1,770	3,620	6,350
$1,000 at age 7	1,660	3,280	5,380
$1,000 at age 8	1,680	3,150	4,670
$1,000 at age 9	1,480	2,740	4,110
$1,000 at age 10	1,350	2,460	3,560
$1,000 at age 11	1,340	2,350	3,040
$1,000 at age 12	1,180	2,050	2,720
$1,000 at age 13	1,050	1,890	2,390
$1,000 at age 14	1,020	1,630	2,060
$1,000 at age 15	990	1,400	1,810
$1,000 at age 16	970	1,240	1,590
$1,000 at age 17	900	1,160	1,330

Notes: Percentiles at age 18 are calculated based on birth cohorts 1926 through 2006. For a particular birth cohort, the value at age 18 of one dollar invested at birth is calculated as the gross 18-year market return for a broad index of US equities.

Who may open a Trump account

The proposed regulations would clarify who may elect to open an initial Trump account. The proposed regulations would allow the following individuals to open an initial Trump account: an individual making a pilot program election for an eligible child under section 6434, a legal guardian, a parent, an adult sibling, or a grandparent. An alternative would be to allow only an individual for whom the eligible individual is a dependent under the Code to make the election.

This choice and several others would provide clarity about the election to open an initial Trump account, which may allow the account beneficiary to receive a contribution that they otherwise would have missed. See Table 1 for the value at age 18 of a $1,000 investment at a range of ages in a range of historical market conditions.

Although section 530A contemplates an election to open an initial Trump account made by the Secretary, the Treasury Department and IRS have determined that the Treasury Department would generally be unable to perform necessary actions to open an account (1) without a statutory exception to the disclosure prohibition in section 6103 and (2) due to additional legal constraints (including federal and state banking, securities, and anti-money laundering laws). For these reasons, the Secretary making the election to open an initial Trump account was not an alternative within the discretion of the Treasury Department and IRS. If there were a legal path for the Treasury Department to open initial Trump accounts, then there would still be substantial administrative challenges to consider.

Ordering rule

The proposed regulations would set an ordering rule among individuals authorized to elect to open an initial Trump account. The proposed regulations would prioritize an individual making a pilot program election. If no one is making a pilot program election, then the proposed regulations would use the same ordering rule as is used in section 529A: legal guardian, parent, adult sibling, grandparent. An alternative would be to decline to specify an ordering rule. By prioritizing an individual making a pilot program election, the proposed regulations would streamline the process of opening an initial Trump account and making a pilot program election. By specifying the ordering rule used in section 529A in other cases, the proposed regulations would use an established system for guiding taxpayers and ordering elections.

This choice and several others would provide clarity about the election to open an initial Trump account, which may allow the account beneficiary to receive a contribution that they otherwise would have missed. See Table 1 for the value at age 18 of a $1,000 investment at a range of ages in a range of historical market conditions.

Responsible party

The proposed regulations would designate a default responsible party to manage an initial Trump account on behalf of the account beneficiary. Under the proposed regulations, the default responsible party for an initial Trump account would be the individual who makes the election to open an initial Trump account. One alternative would be for the legal guardian to be the responsible party. Another alternative would be for the individual making the initial Trump account election to specify a responsible party. Designating the individual who makes the initial Trump account election as the default responsible party simplifies the process and avoids confusion from involving multiple individuals in the process of opening and managing the account.

II. *Paperwork Reduction Act*

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) generally requires that a Federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number. The information collection in proposed §1.530A-1(c) is used to open an initial Trump account for eligible individuals. The burden associated with the collection of information in these proposed regulations are included in Form 4547 and its instructions and approved under OMB control number 1545-2336 in accordance with PRA procedures under 5 C.F.R. 1320.10.

III. *Regulatory Flexibility Act*

The Secretary hereby certifies that these proposed regulations would not have a significant economic impact on a substantial number of small entities pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6). The proposed rules would not impose any requirement or obligation upon small entities. The proposed rules affect individuals and the trustee of the initial Trump accounts, which is not a small entity. Because the regulation does not impose any requirement or obligation on small entities, a Regulatory Flexibility Act analysis is not required.

IV. *Unfunded Mandates Reform Act*

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of $100 million in 1995 dollars, updated annually for inflation. These proposed regulations do not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

V. *Executive Order 13132: Federalism*

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. These proposed regulations do not have federalism implications and do not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

VI. *Small Business Administration*

Pursuant to section 7805(f) of the Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Request for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to comments regarding the notice of proposed rulemaking that are submitted timely to the IRS as prescribed in this preamble under the **ADDRESSES** section. The Treasury Department and the IRS request comments on all aspects of the proposed regulations. Any comments submitted will be made available at *https://www.regulations.gov* or upon request. A public hearing will be scheduled if requested in writing by any person who timely submits electronic or written comments. Requests for a public hearing are also encouraged to be made electronically. If a public hearing is scheduled, notice of the date and time for the public hearing will be published in the ***Federal Register***.

Statement of Availability of IRS Documents

IRS revenue procedures, revenue rulings, notices, and other guidance cited in this document are published in the Internal Revenue Bulletin (or Cumulative Bulletin) and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at http://www.irs.gov.

Drafting Information

The principal author of these proposed regulations is the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes) at (202) 317-4148. Personnel from the Treasury Department and the IRS also participated in its development.

Lists of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and IRS propose to amend 26 CFR part 1 as follows:

PART 1--INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by adding an entry

in numerical order for §1.530A-1 to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

* * * * *

Section 1.530A-1 also issued under 26 U.S.C. 408(a)(2), 530A(a), (b)(1)(A)(i), (b)(1)(B), and (b)(2)(C).

* * * * *

Par. 2. Sections 1.530A-1 through 1.530A-6 are added to read as follows:

§1.530A-1 Trump accounts - General requirements and election to open an account.

(a) *In general*. This section provides general requirements regarding Trump accounts and rules for making an election to open an initial Trump account.

(b) *Trump accounts*--(1) *In general*. A Trump account is a type of traditional IRA described in section 530A(b)(1) for the exclusive benefit of an eligible individual and, after the death of the individual, his or her beneficiaries. A Trump account is subject to special rules that are different from the rules for other traditional IRAs, most of which apply only during the growth period. Additionally, a Trump account cannot be a SIMPLE IRA under section 408(p) and cannot accept contributions from an employer's simplified employee pension (SEP) arrangement under section 408(k). *See* paragraph (b)(4) of this section for definitions applicable for this section.

(2) *Requirements for a Trump account*. A Trump account must meet the requirements stated in this paragraph (b)(2).

(i) *Types of Trump accounts*. A Trump account must be either an initial Trump account or a rollover Trump account.

(A) *Initial Trump account*. An individual's initial Trump account is the individual's first Trump account, which must be created or organized by the Secretary pursuant to an election that is made in accordance with the rules set forth in paragraph (c) of this section.

(B) *Rollover Trump account*. After an initial Trump account is established, a rollover Trump account may be established for the account beneficiary during his or her growth period. A rollover Trump account must first be funded by a qualified rollover contribution from the account beneficiary's existing Trump account before receiving any other contribution, and an individual may have only one Trump account containing funds at a time. *See* section 530A(e) for more details regarding qualified rollover contributions.

(ii) *Written governing instrument*--(A) *In general*. The written governing instrument establishing a Trump account must generally meet the requirements of section 408(a)(1) through (6), which apply to other IRAs, as well as the requirements of section 530A(b)(1)(C)(i) through (iii), which apply only to Trump accounts. The written governing instrument generally should reflect both the rules that apply during the growth period and the rules that apply after the growth period.

(B) *During the growth period*. During the growth period, a written governing instrument establishing a Trump account must generally restrict the timing and annual amount of contributions to the Trump account in accordance with section 530A(b)(1)(C)(i), prohibit distributions from the Trump account in accordance with section 530A(b)(1)(C)(ii), and require that the funds in the Trump account be invested only in an eligible investment in accordance with section 530A(b)(1)(C)(iii). Additionally, during the growth period, the written governing instrument establishing a Trump account must meet the requirements of section 408(a)(1) through (6), to the extent not inconsistent with section 530A. For example, during the growth period, the annual limit on the amount of contributions is governed by section 530A(c)(2) rather than section 408(a)(1). In addition, if the account beneficiary dies during the growth period, section 530A(d)(6) applies rather than the required minimum distribution rules of section 408(a)(6). In contrast, the other requirements of section 408 apply both during and after the growth period, such as the requirement of section 408(a)(1) that contributions (other than rollovers, including qualified rollover contributions) must be made in cash, and the other requirements of section 408(a)(2) through (5). For example, pursuant to section 408(a)(2), the trustee of a Trump account must be a bank (as defined in section 408(n)) or a nonbank trustee approved by the IRS.

(C) *After the growth period*. A written governing instrument establishing a Trump account must meet the requirements of section 408(a)(1) through (6) after the growth period, except as provided in section 530A. For example, after the growth period, the contribution limits of section 408(a)(1) generally apply, except that the section 530A(h)(1) prohibition against a Trump account receiving contributions under a SEP arrangement under section 408(k) or a SIMPLE IRA plan under section 408(p) continues to apply to a Trump account after the growth period.

(iii) *Automatic approval for certain nonbank trustees*. For purposes of section 530A, any person approved by the IRS as of December 31, 2025, to be a nonbank trustee of an IRA is automatically approved to be a nonbank trustee of a Trump account. Any person who is automatically approved to be a nonbank trustee of a Trump account and actually becomes a Trump account trustee must notify the IRS, in writing, of this fact. See §1.408-2(e)(6)(iv).

(iv) *Designation as a Trump account*. The written governing instrument establishing a Trump account must clearly designate the IRA as a Trump account at the time of establishment. Accordingly, an existing account (such as an IRA that is not a Trump account) cannot be amended to become a Trump account. In addition, a Trump account must be titled to clearly identify the account as a Trump account for the benefit of the account beneficiary.

(3) *Differences from other traditional IRAs*--(i) *During the growth period*. During the growth period, there are special rules for Trump accounts with respect to:

(A) Contributions (*see* section 530A(c));

(B) Investments (*see* section 530A(b)(3));

(C) Distributions (*see* section 530A(d));

(D) Reporting (*see* section 530A(i)); and

(E) Coordination with IRA rules (*see* section 530A(h)).

(ii) *After the growth period*. After the growth period (that is, starting January 1st of the year in which the account beneficiary attains age 18), the rules under section 408 that apply to other traditional IRAs are generally applicable to Trump accounts, except as provided in section 530A(h).

(4) *Definitions*. For purposes of section 530A and the regulations thereunder, the following definitions apply--

(i) *Account beneficiary*. The term *account beneficiary* means the individual for whose benefit a Trump account was established.

(ii) *Authorized individual*. The term *authorized individual* means the individual as described in paragraph (c)(1)(i) of this section.

(iii) *Eligible individual*. The term *eligible individual* means any individual—

(A) Who has not attained age 18 before the end of the calendar year in which an election under paragraph (c) of this section is made;

(B) For whom a social security number (within the meaning of section 24(h)(7)) has been issued before the date on which an election under paragraph (c) of this section is made; and

(C) For whom an election is made under paragraph (c) of this section.

(iv) *Growth period*. For any individual with a calendar year taxable year, the term *growth period* means, with respect to an account beneficiary, the period that begins when the initial Trump account is established and ends on December 31 of the calendar year in which the account beneficiary attains age 17. For example, a child born on October 1, 2025, would attain age 17 on October 1, 2042, and therefore the last day of the growth period with respect to the child would be December 31, 2042.

(v) *IRA*. The term *IRA* means an individual retirement account under section 408(a) and includes a custodial account that is treated as a trust pursuant to section 408(h). Accordingly, the term *IRA* does not include an individual retirement annuity under section 408(b).

(vi) *Pilot program contribution*. The term *pilot program contribution* means a $1,000 contribution to a Trump account made by the Secretary upon the processing of an election for the Trump accounts contribution pilot program under section 6434.

(vii) *Qualified rollover contribution*. The term *qualified rollover contribution* means a direct trustee-to-trustee transfer of an account beneficiary's entire Trump account balance to a rollover Trump account for the same account beneficiary.

(viii) *Traditional IRA*. The term *traditional IRA* means an IRA that is not a Roth IRA under section 408A.

(5) *Application of the birthday rule*. For purposes of section 530A, an individual attains an age on his or her birthday. For example, a child who is born on January 1, 2009, attains age 18 on January 1, 2027.

(c) *Election to open an initial Trump account*--(1) *Who can make the election*. An election to open an initial Trump account for an eligible individual may be made by:

(i) An authorized individual, if no prior election to open an initial Trump account has been made for the eligible individual by the Secretary under paragraph (c)(1)(ii) of this section. For this purpose, the authorized individual with respect to an eligible individual is determined as follows--

(A) If an election under section 6434 for a pilot program contribution with respect to the eligible individual is being made at the same time as the election to open the initial Trump account for the eligible individual, then the authorized individual is the individual who is authorized to make (and is making) the election under section 6434 for a pilot program contribution (the pilot program-electing individual). By making the election, the authorized individual is representing, under penalties of perjury, that he or she is the pilot program-electing individual; or

(B) If an election under section 6434 for a pilot program contribution is not being made at the same time as the election to open the initial Trump account, then the authorized individual is a legal guardian, parent, adult sibling, or grandparent of the eligible individual, in that order of priority. If multiple individuals have the same highest level of priority and no prior election has been made for the eligible individual, then any individual with that level of priority may make the election. For example, if there is no legal guardian, either parent of an eligible individual may make this election. By making the election, the authorized individual is representing, under penalties of perjury, that he or she is authorized to open the initial Trump account for the eligible individual and that there is no one else with a higher level of priority who is available to make the election; or

(ii) The Secretary, if the Secretary determines (based on information available to the Secretary from tax returns or otherwise) that the individual has met the other requirements to be an eligible individual, no prior election to open an initial Trump account has been made for the individual by an authorized individual under paragraph (c)(1)(i) of this section, and an election was made by an individual who was not an authorized individual at the time that the election was made. In such instance, the Secretary is deemed to have made the election to open the initial Trump account and the Trump account that was opened based on an election by an individual who was not an authorized individual will not cease to be a Trump account.

(2) *Time to make the election*. An election to open an initial Trump account must be made (if at all) on or before December 31 of the calendar year in which the eligible individual attains age 17.

(3) *Manner of making the election*. The election by an authorized individual to open an initial Trump account must be made on the form prescribed by the Secretary or through an electronic application or webpage made available by the Secretary, in accordance with applicable instructions. No initial Trump account will be opened based on an election by an authorized individual unless the authorized individual makes the election in such manner.

(4) *Resolving multiple elections for an eligible individual*. Only the first election to open an initial Trump account that is processed by the Secretary with respect to an eligible individual will result in the opening of an initial Trump account for the eligible individual. Once the Secretary processes the first election to open an initial Trump account, no further elections to open an initial Trump account for such eligible individual will be processed.

(d) *Responsible party for the initial Trump account*. In general, the individual who makes the election to open an initial

Trump account will be the responsible party of the initial Trump account when the account is established. Unless otherwise provided under the account agreement or applicable law, the responsible party will have the authority, while the account beneficiary does not have legal capacity, to select among eligible investments (if more than one eligible investment is offered), direct a transfer for a qualified rollover contribution, direct a transfer for a qualified ABLE rollover contribution (*see* section 530A(d)(4)), or select a successor responsible party for the account.

(e) *Applicability date*. This section applies to taxable years beginning on or after January 1, 2026.

§§1.530A-2 through 1.530A-6 [Reserved]

Frank J. Bisignano,
Chief Executive Officer.

(Filed by the Office of the Federal Register March 6, 2026, 8:45 a.m., and published in the issue of the Federal Register for March 9, 2026, 91 FR 11194)

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

Numerical Finding List[1]

Bulletin 2026–13

Announcements:

Notices:

Proposed Regulations:

Revenue Procedures:

Revenue Procedures:—Continued

Revenue Rulings:

Treasury Decisions:

[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2025–27 through 2025–52 is in Internal Revenue Bulletin 2024–52, dated December 22, 2024.

Finding List of Current Actions on Previously Published Items[1]

Bulletin 2026–13

[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2025–27 through 2025–52 is in Internal Revenue Bulletin 2024–52, dated December 22, 2024.

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The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/.*

We Welcome Comments About the Internal Revenue Bulletin

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can email us your suggestions or comments through the IRS Internet Home Page *www.irs.gov*) or write to the Internal Revenue Service, Publishing Division, IRB Publishing Program Desk, 1111 Constitution Ave. NW, IR-6230 Washington, DC 20224.