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Trump Signs Bill to Nullify Expanded IRS Crypto Broker Rule



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FILE PHOTO: U.S. President Donald Trump holds a signed executive order on cryptocurrencies, in the Oval Office of the White House, in Washington, U.S., January 23, 2025. REUTERS/Kevin Lamarque/File Photo

By Hannah Lang

(Reuters) -U.S. President Donald Trump on Thursday signed into law a bill to overturn a revised rule from the Internal Revenue Service that expanded the definition of a broker to include decentralized cryptocurrency exchanges, according to a statement from the White House.

In the last weeks of the Biden administration in December, the IRS updated its crypto tax reporting rule that it had finalized earlier in 2024 to clarify that its new guidelines would also apply to decentralized finance - or DeFi - exchanges.

Both the House of Representatives and the Senate in March voted to nullify the revision through the Congressional Review Act, which allows Congress to reverse new federal rules with a simple majority.

The cryptocurrency industry had slammed the revised rule, claiming that it was unworkable for DeFi platforms, and called on Republicans to rescind it.

Centralized exchanges such as Coinbase and Kraken act as the intermediary between buyers and sellers, while DeFi exchanges aim to cut out the middleman and allow users to transact directly on a blockchain network, which powers cryptocurrencies.

Crypto industry participants argued that because DeFi exchanges don't act as intermediaries, they don't have visibility into who their users are, making it impossible to comply with the IRS rules.

The new IRS framework finalized last year aimed to crack down on crypto users who may be failing to pay their taxes, and stemmed from the \$1 trillion bipartisan 2021 Infrastructure Investment and Jobs Act. It required digital asset brokers to send the forms to both the IRS and digital asset holders to assist with their tax preparation.

Trump on the campaign trail pledged to be a "crypto president" and courted cash from the industry by promising to promote the adoption of digital assets.

In his first week in office, Trump ordered the creation of a cryptocurrency working group tasked with proposing new digital asset regulations, and in March signed an executive order to create a federal stockpile of bitcoin.

(Reporting by Hannah Lang in New York; Additional reporting by Ismail Shakil; Editing by Lincoln Feast.)

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