



Digital Asset Protection, Accountability, Regulation, Innovation, Taxation, and Yields (PARITY) Act

A Fair, Durable Tax Framework

BILL SUMMARY

The Digital Asset PARITY Act is the first bipartisan federal tax framework for digital assets. It modernizes the tax code for the digital economy, protects consumers from impossible compliance burdens, closes loopholes exploited by sophisticated traders, and creates clear rules of the road for innovation in the United States.

WHY CONGRESS MUST ACT NOW

When Congress failed to legislate on derivatives in 1986, it created decades of loopholes, litigation, and piecemeal IRS guidance that still have not been fully resolved 40 years later. Digital assets in 2026 are at the same crossroads. If Congress does nothing, regulators, courts, and offshore markets will define the rules instead. Inaction is not neutral; it means uncertainty for consumers, loopholes for sophisticated actors, and rules written by courts and regulators instead of Congress.

WHAT THE BILL DOES

- **Consumer Relief:** Ends burdensome basis-tracking for regulated, dollar-pegged stablecoins used as payments, eliminating millions of hours of unnecessary compliance for ordinary Americans while preserving taxation of real investment gains. Relief is limited to GENIUS Act compliant stablecoins.
- **Fixes the “Phantom Income” Trap:** Allows miners and stakers to elect up to a 5-year deferral on validation rewards so taxpayers are not forced to pay taxes on assets they may not yet be able to sell.
- **Closes Wealthy-Investor Loopholes:** Applies wash-sale and constructive-sale rules to crypto, preventing sophisticated investors from harvesting artificial losses or locking in gains without paying taxes.
- **Parity With Traditional Finance:** Extends existing tax rules for securities lending and mark-to-market accounting to digital assets, ensuring similar activities are treated under similar rules.
- **Provides Institutional Certainty:** Establishes clear tax treatment for passive staking by confirming it is not a trade or business, reducing uncertainty around UBTI exposure.
- **Supports U.S. Competitiveness:** Creates clear rules so foreign investors can trade digital assets on U.S. platforms without accidentally triggering U.S. business taxation, helping keep markets and jobs onshore.
- **Takes a Responsible Path on De Minimis:** Rather than creating an unenforceable loophole-ridden de minimis, directs Treasury to study how to deliver real consumer relief in a way the IRS can actually administer.

THE BOTTOM LINE

The Digital Asset PARITY Act sets the floor for responsible digital asset taxation: consumer-focused, administrable, anti-abuse, and aligned with existing financial rules. It ensures America leads in financial innovation without sacrificing tax fairness or market integrity.