

Tax Insights | August 30, 2023
**Tracking Tax News,
You Need to Know**



Crypto Exchanges To Report Customer Data

A new Treasury [proposal](#) says U.S.-based cryptocurrency exchanges would have to disclose detailed information about their customer transactions to the IRS starting in 2026. The proposed regulations clarify reporting rules enacted in 2021 to prevent tax evasion on crypto-related trades. Under the new rules, crypto exchanges that facilitate the buying and selling of digital assets would have to report certain information, such as customers' capital gains and losses, to the IRS. The rule applies to digital asset trading platforms, payment processors and certain wallets.

Municipal Bonds Ruled Taxable by IRS

The IRS [concluded](#) that interest on municipal bonds issued by a Texas port is taxable because the issuer was too slow to spend money raised. According to the IRS, the Port Arthur Navigation District did not comply with the tax code that requires municipalities to spend 85% of tax-exempt bond proceeds within three years of the bond's issuance. The tax code prevents state and local governments from issuing bonds when interest rates are low without any immediate need to use the funds.

FATCA Withholding Agent Penalty Relief Extended

Withholding agents who fail to withhold on certain dividend-equivalent payments under the Foreign Accounting Tax Compliance Act (FATCA) will be exempt from penalties through 2024, the IRS [said](#) in an updated notice. The extended relief is for the 2022, 2023 and 2024 calendar years. The relief applies to withholding agents who do not withhold by March 15 of the following year on payment of dividend equivalents.



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