

Congress Repeals Digital Asset Regulations Applicable to Decentralized Finance Platforms

April 21, 2025

In a [January 27 client alert](#), we discussed final regulations issued on December 30, 2024, covering tax reporting requirements applicable to certain decentralized finance (DeFi) platforms operating as noncustodial brokers of digital assets. These regulations would have applied to digital asset sales after January 1, 2027. On April 10, President Donald Trump signed a measure passed by Congress under the Congressional Review Act (CRA), [House Joint Resolution 25](#), that disapproves and effectively repeals the reporting requirements for noncustodial digital asset brokers in DeFi transactions, and prohibits the IRS from issuing similar rules. In the absence of such broker reporting requirements, DeFi participants nevertheless will be required to track and report their own income, gains and losses, even though they will not receive information returns or other tax documents from their noncustodial digital asset brokers. The CRA allows Congress to repeal a regulation by a simple majority in both the Senate and the House of Representatives if the repeal measure is introduced within 60 days after the regulation's issuance.

Earlier final regulations issued on June 28, 2024, discussed in [this July 2024 client alert](#), addressed industry participants that functionally resemble traditional securities brokers, in that they take custody of customers' digital assets and private keys. These regulations could not have been repealed in this measure because of the 60-day limitation under the CRA. The regulations covering tax reporting by noncustodial digital asset brokers were within the 60-day window, whereas the regulations for custodial digital asset brokers were not. It is unclear whether the Department of the Treasury and the IRS will take further action with respect to tax reporting by custodial digital asset brokers.

This content is provided for general informational purposes only, and your access or use of the content does not create an attorney-client relationship between you or your organization and Cooley LLP, Cooley (UK) LLP, or any other affiliated practice or entity (collectively referred to as "Cooley"). By accessing this content, you agree that the information provided does not constitute legal or other professional advice. This content is not a substitute for obtaining legal advice from a qualified attorney licensed in your jurisdiction, and you should not act or refrain from acting based on this content. This content may be changed without notice. It is not guaranteed to be complete, correct or up to date, and it may not reflect the most current legal developments. Prior results do not guarantee a similar outcome. Do not send any confidential information to Cooley, as we do not have any duty to keep any information you provide to us confidential. When advising companies, our attorney-client relationship is with the company, not with any individual. This content may have been generated with the assistance of artificial intelligence (AI) in accordance with our AI Principles, may be considered Attorney Advertising and is subject to our [legal notices](#).

Key Contacts

<p>Jeffrey J. Tolin New York</p>	<p>jtolin@cooley.com +1 212 479 6160</p>
<p>Eileen Marshall Washington, DC</p>	<p>emarshall@cooley.com +1 202 728 7083</p>

Rick Jantz San Diego	rjantz@cooley.com +1 858 550 6150
-------------------------	--------------------------------------

This information is a general description of the law; it is not intended to provide specific legal advice nor is it intended to create an attorney-client relationship with Cooley LLP. Before taking any action on this information you should seek professional counsel.

Copyright © 2023 Cooley LLP, 3175 Hanover Street, Palo Alto, CA 94304; Cooley (UK) LLP, 22 Bishopsgate, London, UK EC2N 4BQ. Permission is granted to make and redistribute, without charge, copies of this entire document provided that such copies are complete and unaltered and identify Cooley LLP as the author. All other rights reserved.