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over the next 10 years.

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For the crypto industry, many are looking for 2022 to be the year of comprehensive regulatory and legislative clarity regarding crypto assets for the United States. Indeed, President Biden's Executive Order earlier this year actually mandated and directed federal agencies to provide this kind of clear, ordered, and meaningful guidance.

We've seen in the past that parts and pieces of legislation that most would not

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Internal Revenue Service.

As part of the Act, the IRS is receiving an allocation of approximately 80 billion dollars over the next 10 years. To put that into perspective, the IRS yearly budget is approximately \$12.6 billion dollars for 2022, so this represents almost a 75% increase on a yearly basis. Simply put, a tremendous increase in spending on IRS operations and activities.

In terms of the uses for the billions of dollars, you might ask what is the IRS going to be using these funds for? The answer is that the largest amount of funding will be going to the efforts of **compliance and enforcement**. That could mean greatly increasing the level and number of audits performed and the number of audit candidates pursued by the Service.

Here is an excerpt from the relevant section from the act describing the IRS activities for the 80 billion dollars. One very interesting item to note in this section is the explicit call out for Digital Asset monitoring and compliance activities – in short crypto enforcement.

...(ii) ENFORCEMENT.—For necessary expenses for tax enforcement activities of the Internal Revenue Service to determine and collect owed taxes, to provide legal and litigation support, to conduct criminal investigations (including investigative technology), to provide digital asset monitoring and compliance activities, ...

How and when these directives get implemented still remains to be seen. However, with this amount of funding and the naming of digital assets in the Act, it seems clear that individuals and institutional investors alike need to be even more certain about all tax obligations relating to their digital asset activities.

- [Learn more about cryptocurrency accounting issues at the Legible.io blog:](#)

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