

S 2621

Modernization of Derivatives Tax Act of 2021

Congress: 117 (2021–2023, Ended)

Chamber: Senate

Policy Area: Taxation

Introduced: Aug 5, 2021

Current Status: Read twice and referred to the Committee on Finance.

Latest Action: Read twice and referred to the Committee on Finance. (Aug 5, 2021)

Official Text: <https://www.congress.gov/bill/117th-congress/senate-bill/2621>

Sponsor

Name: Sen. Wyden, Ron [D-OR]

Party: Democratic • **State:** OR • **Chamber:** Senate

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Aug 5, 2021

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

No related bills are listed.

Modernization of Derivatives Tax Act of 2021

This bill modifies the tax treatment of derivatives. A *derivative* is any contract (including any option, forward contract, futures contract, short position, swap, or similar contract) the value of which, or any payment or other transfer with respect to which, is (directly or indirectly) determined by reference to another specified item.

The bill modifies the tax treatment of derivatives to (1) require mark to market treatment (treating the contracts as if they had been terminated or transferred at fair market value at the end of the year) for derivatives not terminated or transferred during the year, (2) require gains and losses to be taxed at ordinary tax rates and sourced to the taxpayer's country of residence, and (3) revise the reporting requirements and tax rules that apply to taxpayers that use derivatives to hedge capital assets.

The bill includes several exceptions for

- certain real property;
- hedging transactions;
- securities lending, sale-repurchase, and similar financing transactions;
- options received in connection with the performance of services;
- insurance contracts, annuities, and endowments;
- derivatives with respect to stock of members of the same worldwide affiliated group; and
- commodities used in the normal course or trade of business.

Actions Timeline

- **Aug 5, 2021:** Introduced in Senate
- **Aug 5, 2021:** Read twice and referred to the Committee on Finance.