



# Digital Assets: From Crypto to Compliance

KPMG Information Reporting & Withholding  
Tax Services

## IRS Issues Updated Draft Version of Form W-9

IRP e-Alerts | Issue Number: 2026-34 | May 14, 2026

On May 4, the Internal Revenue Service (IRS) published an updated draft version of Form W-9, Request for Taxpayer Identification Number and Certification, with a revision date of June 2026. This follows the earlier draft released on September 17, 2025 (revision date January 2026), which introduced updates implementing the final regulations on broker reporting of digital asset sales along with clarifications addressing taxpayer identification number (TIN) requirements for sole proprietors and disregarded entities.

The updated draft includes several substantive changes, as described below:

- **Update to new exempt payee code 14:** The original draft of the updated Form W-9 added new exempt payee code 14 to be used by payees involved in digital asset transactions that are exempt from backup withholding under the transitional relief provided under Notice 2025-33 through calendar year 2026. In the current draft, exempt payee code 14 has been revised, in line with the updated draft of the Instructions for the Requester of Form W-9, as discussed in KPMG IRP e-Alert #2026-12, [here](#). Exempt payee code 14 is now designated for “a U.S. digital asset broker (other than a registered investment adviser that is not otherwise an exempt recipient under Regulations section 1.6045-1(c)(3)(i)(B)(1) through (11)).”
- **Part II (Certification) Updates:** The checkbox to certify an exemption from information reporting as a U.S. digital asset broker is still in place. The wording was updated to clarify that the exclusion to that exemption for registered investment advisers does not apply if the registered investment adviser is otherwise an exempt recipient. In addition, the conjunction between item 4 (FATCA exemption) and item 5 (digital asset broker exemption) has been revised from “and” to “or,” clarifying that the first four certifications apply independently from the digital asset broker certification.
- **TIN for sole proprietors and disregarded entities:** The January 2026 draft of Form W-9 required payees classified as sole proprietors to provide their social security number (SSN), and single member limited

liability companies (LLCs) and other disregarded entities owned by an individual were required to provide the owner's SSN, effectively disallowing the use of an employer identification number (EIN) by individuals. The updated draft reverses this position, restoring flexibility for sole proprietors and individual owners of single member LLCs (and other disregarded entities) to provide either an SSN or an EIN (if available). The instructions continue to provide that the EIN of the disregarded entity itself should not be provided and that, where the direct owner is also a disregarded entity, the TIN (SSN or EIN) of the first owner that is not disregarded for federal tax purposes must be provided.

- Increase in reporting thresholds: The updated draft also reflects changes enacted under the One Big Beautiful Bill Act (OBBBA), which increased certain information reporting and backup withholding thresholds from \$600 to \$2,000 for payments made after December 31, 2025.

## KPMG Observations and Background

The updates reflected in the June 2026 draft Form W-9 suggest that the IRS is reconsidering earlier proposals in response to stakeholder concerns, while continuing to align the form with evolving digital asset reporting requirements. In particular, the reversal of the SSN requirement for sole proprietors and disregarded entities is a notable and welcome change. The earlier proposal raised concerns regarding potential redocumentation requirements, increased risk of TIN matching errors, and the resulting issuance of B Notices. The updated draft restores prior flexibility, thereby reducing compliance burden and operational risk for payors. Presumably, the Instructions for the Requester of Form W-9 will be updated accordingly.

The updated description of exempt payee code 14 is also a positive development. The earlier draft linked the code to transitional backup withholding relief under Notice 2025-33; however, as that relief applies broadly through 2026 regardless of the payee's exempt status, the prior reference created potential confusion. The updated approach improves clarity by aligning the code with its intended long-term application. Notwithstanding this clarification, the introduction of exempt payee code 14 for U.S. digital asset brokers raises practical considerations. While the addition of a new exempt payee code appears intended to facilitate application of the multiple broker rule, it remains unclear how this code interacts with the new certification checkbox requirement under Part II (Certification). In particular, it is uncertain whether withholding agents will be required to obtain both the exempt payee code and the certification checkbox for the same exemption, which may create operational and systems challenges.

The new June 2026 revision date may indicate that the IRS is moving toward finalizing the form in the near term. Stakeholders should monitor further updates and begin evaluating necessary changes to onboarding, documentation, and reporting processes in anticipation of a final release.

## Reference

For further information, see the updated draft version of Form W-9, [here](#).

**To learn more about these updates or to sign up for IRP e-Alerts, contact:**

**Laurie M. Hatten-Boyd**  
206-213-4001  
[lhattenboyd@kpmg.com](mailto:lhattenboyd@kpmg.com)

**Kelli Wooten**  
404-739-5888  
[kwooten@kpmg.com](mailto:kwooten@kpmg.com)

**Elis A. Prendergast**  
212-954-1968  
[epondergast@kpmg.com](mailto:epondergast@kpmg.com)

**Meghan M Anderson**  
585-454-1644  
[meghananderson@kpmg.com](mailto:meghananderson@kpmg.com)

**Jesse Eggert**  
202-533-5512  
[jeggert@kpmg.com](mailto:jeggert@kpmg.com)

**Paul Malboeuf**  
212-954-1267  
[pmalboeuf@kpmg.com](mailto:pmalboeuf@kpmg.com)

**Andrew McQuilkin**  
617-988-5857  
[amcquilkin@kpmg.com](mailto:amcquilkin@kpmg.com)

**Mark Naretti**  
212-872-7896  
[marknaretti@kpmg.com](mailto:marknaretti@kpmg.com)

**Gerard Rose**  
203-356-9800  
[gerardrose@kpmg.com](mailto:gerardrose@kpmg.com)

**Tara Thomas**  
212-954-6703  
[tarathomas@kpmg.com](mailto:tarathomas@kpmg.com)

**Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.**

Learn about us:



[kpmg.com](https://kpmg.com)

The information contained herein is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS022003-1D

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.