

111TH CONGRESS  
2D SESSION

# H. R. 5783

To amend the Internal Revenue Code of 1986 to impose an excise tax  
on currency transactions.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 20, 2010

Mr. STARK introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Foreign Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to impose  
an excise tax on currency transactions.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Investing in Our Future Act of 2010”.

6 (b) FINDINGS.—Congress finds the following:

7 (1) While Wall Street continues to reap massive  
8 profits, the 2008 global economic crisis they helped  
9 cause has destabilized economies and impacted the

1        budgets of the United States and impoverished na-  
2        tions, compromising the ability of governments to  
3        address pressing needs.

4            (2) Currency speculation has destabilizing im-  
5        pacts on the real economy and can contribute to fi-  
6        nancial crises.

7            (3) Millions of people around the world have  
8        been pushed into poverty because of the global fi-  
9        nancial crisis, through no fault of their own.

10          (4) The impacts of climate change, disease, and  
11        ill health undermine the economies of developing na-  
12        tions and their ability to contribute to a secure, sta-  
13        ble world.

14          (5) Predictable, adequate, sustainable, long-  
15        term funding to address global health and climate  
16        change in developing countries at the scale needed  
17        does not currently exist.

18          (6) The United States has been a world leader  
19        in fighting against HIV/AIDS, Tuberculosis and  
20        Malaria and new science has shown that success  
21        against these major killers is possible within a gen-  
22        eration, yet a greater commitment of resources is  
23        needed to save more lives.

24          (7) Additional investments are needed to in-  
25        crease the global health workforce and improve ma-

1        ternal and child health, reproductive health, and  
2        combat neglected tropical diseases in impoverished  
3        nations.

4            (8) Developing countries bear little responsi-  
5        bility for causing climate change, but they will be  
6        the most negatively impacted and lack the resources  
7        to adapt to and mitigate climate change.

8            (9) According to the Department of Defense's  
9        Quadrennial Defense Review, global climate change  
10       could accelerate instability and conflict around the  
11       world and become a security threat for the United  
12       States.

13           (10) Global climate change has already begun  
14       to displace people and exacerbate competition and  
15       conflict over natural resources, increasing hunger,  
16       poverty and social inequities in developing countries.

17           (11) The Secretariat of the United Nations  
18       Framework Convention on Climate Change  
19       (UNFCCC) has estimated that by 2030 developing  
20       countries will require \$176 billion annually in addi-  
21       tional investment for climate change mitigation and  
22       the World Bank estimates that \$75 to \$100 billion  
23       is needed per year by 2050 for adaptation in devel-  
24       oping countries.

1           (12) At the December 2009 UNFCCC climate  
2 negotiations in Copenhagen, the United States made  
3 a commitment to work with other nations to mobilize  
4 \$100 billion a year by 2020 to help developing coun-  
5 tries adapt to the impacts of climate change and  
6 mitigate emissions from climate change.

7           (13) There are approximately 15.3 million chil-  
8 dren in the United States under the age of 6 who  
9 require childcare while their parents work.

10          (14) Only one in seven children who are eligible  
11 for Federal, direct childcare assistance receives it.

12          (15) In the majority of States, the cost of  
13 childcare for a year is more than tuition at a four-  
14 year public university.

15          (16) Affordable and quality childcare is essen-  
16 tial for working parents and is necessary for contin-  
17 ued economic growth in the United States.

18          (17) Wall Street is enjoying a resurgence in  
19 profits and executive bonuses following the \$700 bil-  
20 lion Troubled Asset Relief Program bailout.

21          (18) In 2008, \$4 trillion in daily currency  
22 transactions were undertaken, nearly 80 percent of  
23 which by a few major banks, without taxation.

1           (19) A small levy on currency would curb some  
2       speculative transactions, bringing greater stability  
3       into the currency market.

4           (20) To address the global impacts of the eco-  
5       nomic crisis, revenue from a small currency trans-  
6       action tax should be invested to provide predictable,  
7       sustainable funding to address global health, climate  
8       change, and the lack of affordable childcare in the  
9       United States.

10          (21) Collection of a small tax would not disrupt  
11       legitimate trading in the currency trading markets  
12       and would have no significant impact on individual  
13       travelers or United States corporations doing busi-  
14       ness.

15          (22) The Secretary of State, Secretary of the  
16       Treasury, and the nations in the Organization for  
17       Economic Cooperation and Development should  
18       work together to implement a broader currency  
19       transaction tax to fund global health, poverty, and  
20       climate change initiatives.

21   **SEC. 2. EXCISE TAX ON CURRENCY TRANSACTIONS.**

22       (a) IN GENERAL.—Chapter 36 of the Internal Rev-  
23       enue Code of 1986 is amended by inserting after sub-  
24       chapter B the following new subchapter:

1       **“Subchapter C—Currency Transactions**

“Sec. 4475. Currency transactions.

2       **“SEC. 4475. CURRENCY TRANSACTIONS.**

3           “(a) IN GENERAL.—There is hereby imposed a tax  
4 on each currency transaction made by, or on behalf of,  
5 a United States person.

6           “(b) EXCEPTION FOR LOW-VALUE TRANSACTIONS.—

7               “(1) IN GENERAL.—Subsection (a) shall not  
8 apply to any currency transaction made by, or on  
9 behalf of, a United States person, if the aggregate  
10 value of the currencies acquired by such person in  
11 all such transactions made during the calendar year  
12 does not exceed \$10,000.

13               “(2) COORDINATION WITH WITHHOLDING  
14 RULES.—Subsection (e)(2) shall not apply to any  
15 currency transaction unless the value of the currency  
16 acquired by the United States person in such trans-  
17 action exceeds \$10,000. The preceding sentence  
18 shall not apply if the person who facilitates such  
19 currency transaction knows, or has reason to know,  
20 that the exception provided by paragraph (1) does  
21 not apply to such transaction.

22           “(c) AMOUNT OF TAX.—

23               “(1) IN GENERAL.—The amount of the tax im-  
24 posed under subsection (a) with respect to any cur-

1 rency transaction shall be equal to 0.005 percent of  
2 the value of the currency acquired in the trans-  
3 action.

4 “(2) SPECIAL RULE FOR CURRENCY DERIVA-  
5 TIVES.—In the case of any currency derivative, the  
6 value of the currency acquired in the transaction  
7 shall be treated for purposes of this section as being  
8 equal to—

9 “(A) in the case of a forward contract, the  
10 value of the currency purchased or sold for-  
11 ward,

12 “(B) in the case of a notional principal  
13 contract, the value of the notional principal  
14 amount of the contract,

15 “(C) in the case of an option, the value of  
16 the currency that would be acquired in the  
17 event the option were exercised, and

18 “(D) in the case of any other currency de-  
19 rivative, the value as determined by the Sec-  
20 retary.

21 “(3) VALUATION OF CURRENCY.—For purposes  
22 of this section, the valuation of any currency shall  
23 be determined in the taxpayer’s functional currency  
24 (within the meaning of section 985) at the spot rate  
25 on the date of the transaction.

1       “(d) CURRENCY TRANSACTION.—For purposes of  
2 this section—

3               “(1) IN GENERAL.—The term ‘currency trans-  
4 action’ means—

5                       “(A) the exchange of any currency for an-  
6 other currency, and

7                       “(B) entering into any currency derivative.

8               “(2) CURRENCY DERIVATIVE.—The term ‘cur-  
9 rency derivative’ means—

10                      “(A) any currency notional principal con-  
11 tract, and

12                      “(B) any option, forward contract, short  
13 position, hedge, or similar financial instrument  
14 with respect to any currency or currency no-  
15 tional principal contract.

16       “(e) LIABILITY FOR TAX; WITHHOLDING.—

17               “(1) LIABILITY FOR TAX.—The tax imposed  
18 under subsection (a) with respect to any currency  
19 transaction shall be paid by the United States per-  
20 son referred to in subsection (a). Such person shall  
21 be allowed a credit against such tax in the amount  
22 withheld as tax under paragraph (2) with respect to  
23 such transaction.

24               “(2) WITHHOLDING BY CURRENCY TRANS-  
25 ACTION FACILITATORS.—



1           “(A) IN GENERAL.—Except as provided in  
2           subparagraph (B), each United States person  
3           which facilitates a currency transaction by, or  
4           on behalf of, a United States person shall de-  
5           duct and withhold from the amount involved in  
6           such transaction a tax equal to the amount of  
7           the tax imposed under section 4475 with re-  
8           spect to such transaction.

9           “(B) AMOUNTS WITHHELD ONLY ONCE.—  
10          The Secretary shall prescribe regulations or  
11          other guidance to ensure that only one United  
12          States person deducts and withholds the  
13          amount described in subparagraph (A) with re-  
14          spect to each currency transaction. Such regula-  
15          tions or other guidance shall (subject to such  
16          exceptions as the Secretary may prescribe) re-  
17          quire—

18               “(i) in the case of a currency trans-  
19               action which is confirmed and matched by  
20               a United States person, that such person  
21               so deduct and withhold such amount, and

22               “(ii) in the case of a currency trans-  
23               action not described in clause (i) which is  
24               settled by a United States person, that

1           such person so deduct and withhold such  
2           amount.

3           “(3) COORDINATION WITH OTHER SECTIONS.—

4       For purposes of so much of subtitle F (other than  
5       section 7205) as relates to chapter 24, amounts  
6       which are subject to withholding under paragraph  
7       (2) shall be treated as if they were wages paid by  
8       an employer to an employee (and amounts deducted  
9       and withheld under paragraph (2) shall be treated  
10      as if deducted and withheld under section 3402).

11      “(f) APPLICATION TO EXPANDED AFFILIATED  
12 GROUPS.—

13           “(1) IN GENERAL.—For purposes of this sec-  
14      tion, all members of the same expanded affiliated  
15      group shall be treated as one person for purposes of  
16      this section.

17           “(2) EXPANDED AFFILIATED GROUP.—For pur-  
18      poses of this subsection, the term ‘expanded affili-  
19      ated group’ means an affiliated group as defined in  
20      section 1504(a), determined—

21           “(A) by substituting ‘more than 50 per-  
22      cent’ for ‘at least 80 percent’ each place it ap-  
23      pears, and

24           “(B) without regard to paragraphs (2) and  
25      (3) of section 1504(b).

1 A partnership or any other entity (other than a cor-  
 2 poration) shall be treated as a member of an ex-  
 3 panded affiliated group if such entity is controlled  
 4 (within the meaning of section 954(d)(3)) by mem-  
 5 bers of such group (including any entity treated as  
 6 a member of such group by reason of this sen-  
 7 tence).”.

8 (b) CLERICAL AMENDMENT.—The table of sub-  
 9 chapters for chapter 36 of such Code is amended by in-  
 10 serting after the item relating to subchapter B the fol-  
 11 lowing new item:

“SUBCHAPTER C. CURRENCY TRANSACTIONS”.

12 **SEC. 3. FUNDING FOR CHILD CARE.**

13 (a) CHILD CARE ASSISTANCE TRUST FUND.—

14 (1) IN GENERAL.—There is established in the  
 15 Treasury of the United States a trust fund to be  
 16 known as the “Child Care Assistance Trust Fund”,  
 17 consisting of such amounts as may be appropriated  
 18 or credited to the Child Care Assistance Trust Fund  
 19 as provided in this section.

20 (2) TRANSFER TO TRUST FUND OF AMOUNTS  
 21 EQUIVALENT TO CERTAIN TAXES.—There are hereby  
 22 appropriated to the Child Care Assistance Trust  
 23 Fund, out of any money in the Treasury not other-  
 24 wise appropriated, amounts equivalent to 20 percent

1 of the taxes received in the Treasury under section  
2 4475 of the Internal Revenue Code of 1986.

3 (3) EXPENDITURES FROM TRUST FUND.—  
4 Amounts in the Child Care Assistance Trust Fund  
5 shall be available, as provided by appropriation Acts,  
6 for making expenditures to carry out subsection (b).

7 (4) MANAGEMENT OF TRUST FUND.—For pur-  
8 poses of subchapter B of chapter 98 of the Internal  
9 Revenue Code of 1986, the provisions of this sub-  
10 section shall be treated as provisions of subchapter  
11 A of such chapter.

12 (b) CHILD CARE ASSISTANCE GRANTS.—

13 (1) IN GENERAL.—Any appropriation under  
14 subsection (a)(3) from the Child Care Assistance  
15 Trust Fund shall be allocated among the States as  
16 an increase in the amount determined under section  
17 418(a)(1) of the Social Security Act in the same  
18 proportion as the amount determined under such  
19 section with respect to such State (determined with-  
20 out regard to this subsection) bears to the aggregate  
21 amounts so determined with respect to all of the  
22 States.

23 (2) FUNDING TO BE ADDITIONAL.—It is the  
24 sense of the Congress that amounts made available  
25 under this subsection shall be in addition to (and

1       shall not be a replacement for) other funding for  
2       child care assistance.

3   **SEC. 4. MULTILATERAL GLOBAL HEALTH PROGRAMS.**

4       (a)   MULTILATERAL   GLOBAL   HEALTH   TRUST  
5   FUND.—

6           (1) IN GENERAL.—There is established in the  
7       Treasury of the United States a trust fund to be  
8       known as the “Multilateral Global Health Trust  
9       Fund”, consisting of such amounts as may be appro-  
10      priated or credited to the Multilateral Global Health  
11      Trust Fund as provided in this section.

12          (2) TRANSFER TO TRUST FUND OF AMOUNTS  
13      EQUIVALENT TO CERTAIN TAXES.—There are hereby  
14      appropriated to the Multilateral Global Health Trust  
15      Fund, out of any money in the Treasury not other-  
16      wise appropriated, amounts equivalent to 40 percent  
17      of the taxes received in the Treasury under section  
18      4475 of the Internal Revenue Code of 1986.

19          (3) EXPENDITURES FROM TRUST FUND.—  
20      Amounts in the Multilateral Global Health Trust  
21      Fund shall be available, as provided by appropria-  
22      tion Acts, for making expenditures to carry out sub-  
23      section (b).

24          (4) MANAGEMENT OF TRUST FUND.—For pur-  
25      poses of subchapter B of chapter 98 of the Internal

1 Revenue Code of 1986, the provisions of this sub-  
2 section shall be treated as provisions of subchapter  
3 A of such chapter.

4 (b) MULTILATERAL GLOBAL HEALTH GRANT PRO-  
5 GRAM.—

6 (1) IN GENERAL.—The Secretary of State shall  
7 make grants to assist developing countries in ad-  
8 dressing HIV/AIDS, tuberculosis, malaria, maternal  
9 mortality, family planning, neglected diseases, and  
10 other health issues affecting developing countries.

11 (2) ELIGIBILITY FOR GRANTS.—Grants under  
12 paragraph (1) may be made to—

13 (A) the Global Fund to Fight AIDS, Tu-  
14 berculosis and Malaria to provide grants de-  
15 scribed in paragraph (1), and

16 (B) other multilateral health funding  
17 mechanisms which the Secretary certifies—

18 (i) provide a significant majority of  
19 their total funding to programs in the form  
20 of grants,

21 (ii) include independent and external  
22 technical review of programs in the award-  
23 ing of funding,

24 (iii) include governance structures  
25 that involve donor governments, imple-

1           menting governments, civil society, and af-  
2           fected communities as equal decision-mak-  
3           ers,

4           (iv) provide funding based on plans  
5           developed by implementing countries  
6           through country-level processes that in-  
7           clude equal and meaningful involvement of  
8           civil society and impacted communities,

9           (v) require measures of performance  
10          of all projects and formal mechanisms that  
11          condition continued financing on successful  
12          performance and outcomes, and

13          (vi) include mechanisms for strict fi-  
14          nancial accountability and provides trans-  
15          parency of all decisions, evaluations, and  
16          finances through publically accessible docu-  
17          ments.

18          (3) FUNDING TO BE ADDITIONAL.—It is the  
19          sense of the Congress that grants made under this  
20          subsection shall be in addition to (and shall not be  
21          a replacement for) other funding for global health  
22          initiatives in developing countries.

1 **SEC. 5. GLOBAL CLIMATE CHANGE ADAPTATION AND MITI-**  
2 **GATION.**

3 (a) GLOBAL CLIMATE CHANGE ADAPTATION AND  
4 MITIGATION TRUST FUND.—

5 (1) IN GENERAL.—There is established in the  
6 Treasury of the United States a trust fund to be  
7 known as the “Global Climate Change Adaptation  
8 and Mitigation Trust Fund”, consisting of such  
9 amounts as may be appropriated or credited to the  
10 Global Climate Change Adaptation and Mitigation  
11 Trust Fund as provided in this section.

12 (2) TRANSFER TO TRUST FUND OF AMOUNTS  
13 EQUIVALENT TO CERTAIN TAXES.—There are hereby  
14 appropriated to the Global Climate Change Adapta-  
15 tion and Mitigation Trust Fund, out of any money  
16 in the Treasury not otherwise appropriated, amounts  
17 equivalent to 40 percent of the taxes received in the  
18 Treasury under section 4475 of the Internal Rev-  
19 enue Code of 1986.

20 (3) EXPENDITURES FROM TRUST FUND.—  
21 Amounts in the Global Climate Change Adaptation  
22 and Mitigation Trust Fund shall be available, as  
23 provided by appropriation Acts, for making expendi-  
24 tures to carry out subsection (b).

25 (4) MANAGEMENT OF TRUST FUND.—For pur-  
26 poses of subchapter B of chapter 98 of the Internal



1 Revenue Code of 1986, the provisions of this sub-  
2 section shall be treated as provisions of subchapter  
3 A of such chapter.

4 (b) GLOBAL CLIMATE CHANGE ADAPTATION AND  
5 MITIGATION GRANT PROGRAM.—

6 (1) IN GENERAL.—Except as provided in para-  
7 graph (2), any appropriation under subsection (a)(3)  
8 from the Global Climate Change Adaptation and  
9 Mitigation Trust Fund shall be used for contribu-  
10 tions to a United Nations Framework Convention on  
11 Climate Change (UNFCCC) global climate fund for  
12 adaptation and mitigation which—

13 (A) is fully accountable to the Conference  
14 of Parties of the UNFCCC, in which the Con-  
15 ference of Parties selects members of the execu-  
16 tive board to manage distinct funding windows,  
17 including for adaptation and mitigation; ap-  
18 proves rules, guidelines, priorities, and policies  
19 proposed by the executive board; and receives  
20 and determines the allocation and disbursement  
21 of funding,

22 (B) is independent in management and  
23 governance from existing financial institutions,

24 (C) is fully consistent with Article 11 of  
25 the UNFCCC,

1 (D) provides funds only in the form of  
2 grants for adaptation,

3 (E) has an Executive Board made up of  
4 equitable and balanced representation within  
5 the five United Nations regions and additional  
6 representation from countries most vulnerable  
7 to climate change and from civil society in de-  
8 veloped and developing countries,

9 (F) ensures that in areas where any activi-  
10 ties or programs are planned, local commu-  
11 nities, particularly the most vulnerable popu-  
12 lations therein, are engaged through adequate  
13 disclosure of information, public participation  
14 and consultation, and have decision-making  
15 power in, and consent to, how funding is used,  
16 monitored and evaluated,

17 (G) provides transparent and accountable  
18 processes for the handling of financing, and

19 (H) provides recipient governments the  
20 choice to nominate a national implementing en-  
21 tity which meets agreed fiduciary standards to  
22 directly apply for and access funding.

23 (2) TRANSITIONAL RULES.—If an appropriation  
24 under subsection (a)(3) from the Global Climate  
25 Change Adaptation and Mitigation Trust Fund is

1       made before the UNFCCC global climate fund for  
2       adaptation and mitigation described in paragraph  
3       (1) has been established, such appropriation shall be  
4       used for contributions to the Adaptation Fund es-  
5       tablished by Parties to the Kyoto Protocol of the  
6       UNFCCC, the Least Developed Countries Fund of  
7       the UNFCCC, or one or more multilateral funds  
8       that is agreed to by Parties to the UNFCCC or the  
9       Kyoto Protocol, subject to a certification by the Sec-  
10      retary of the Treasury that the program to which  
11      such contributions are made—

12               (A) provides funds only in the form of  
13               grants for adaptation,

14               (B) ensures that in areas where any activi-  
15               ties or programs are planned, local commu-  
16               nities, particularly the most vulnerable popu-  
17               lations therein, are engaged through adequate  
18               disclosure of information, public participation  
19               and consultation, and have decisionmaking  
20               power in, and consent to, how funding is used,  
21               monitored and evaluated,

22               (C) has a governance structure with equi-  
23               table and balanced representation of all parties  
24               within a transparent system of governance,

1 (D) provides transparent and accountable  
2 processes for the handling of financing,

3 (E) provides recipient governments the  
4 choice to nominate a national implementing en-  
5 tity which meets agreed fiduciary standards to  
6 directly apply for and access funding, and

7 (F) is fully consistent with article 11.1 of  
8 the UNFCCC which states that the fund must  
9 function under the guidance of and be account-  
10 able to the Conference of the Parties.

11 (3) FUNDING TO BE ADDITIONAL.—It is the  
12 sense of the Congress that grants made under this  
13 subsection shall be in addition to (and shall not be  
14 a replacement for) other funding for global climate  
15 change adaptation and mitigation initiatives in de-  
16 veloping countries.

○