

112TH CONGRESS  
1ST SESSION

# H. R. 755

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

FEBRUARY 17, 2011

Mr. STARK (for himself, Mr. JACKSON of Illinois, Ms. LEE of California, and Mr. FILNER) 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 2011”.

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

1 cause has destabilized economies and impacted the  
2 budgets of the United States and impoverished na-  
3 tions, compromising the ability of governments to  
4 address pressing needs.

5 (2) The scope of the financial crisis distorted  
6 our national deficit. The Congressional Budget Of-  
7 fice estimates that Federal deficit spending is now at  
8 a record \$1.5 trillion.

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

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

16 (5) Predictable, adequate, sustainable, long-  
17 term, public funding to address global health and  
18 climate change in developing countries at the scale  
19 needed does not currently exist but it is urgently  
20 needed.

21 (6) Cutting vital domestic programs such as  
22 education, health care, and nutrition assistance to  
23 reduce the national debt will have a harmful impact  
24 on the long-term prosperity of the country. Alter-  
25 native revenue generating mechanisms must be con-

1       sidered to reduce the national debt and meet inter-  
2       national development and climate needs.

3           (7) The financial institutions that caused the fi-  
4       nancial crisis should play a significant role in pro-  
5       viding funds that will help developing countries miti-  
6       gate and adapt to climate change, fight global HIV/  
7       AIDS, improve maternal and child health in improv-  
8       erished nations, and reduce the national deficit.

9           (8) Currency speculation by financial institu-  
10       tions has destabilizing impacts on the real economy  
11       and can contribute to financial crises.

12           (9) In 2008, \$4 trillion in daily currency trans-  
13       actions were undertaken, nearly 80 percent of which  
14       by a few major banks, without taxation.

15           (10) A tax on the currency market would be  
16       paid by these same banks that caused the financial  
17       crisis and would generate funds to help reduce our  
18       deficit.

19           (11) A small levy on currency would curb some  
20       speculative transactions, bringing greater stability  
21       into the currency market.

22           (12) Collection of a small tax would not disrupt  
23       legitimate trading in the currency trading markets  
24       and would have no significant impact on individual

1 travelers or United States corporations doing busi-  
2 ness.

3 (13) The Secretary of State, Secretary of the  
4 Treasury, and the nations in the Organization for  
5 Economic Cooperation and Development should  
6 work together to implement a broader currency  
7 transaction tax to reduce the Federal deficit and  
8 fund global health, poverty, and climate change ini-  
9 tiatives.

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

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

14 **“Subchapter C—Currency Transactions**

“Sec. 4475. Currency transactions.

15 **“SEC. 4475. CURRENCY TRANSACTIONS.**

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

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

20 “(1) IN GENERAL.—Subsection (a) shall not  
21 apply to any currency transaction made by, or on  
22 behalf of, a United States person, if the aggregate  
23 value of the currencies acquired by such person in

1 all such transactions made during the calendar year  
2 does not exceed \$10,000.

3 “(2) COORDINATION WITH WITHHOLDING  
4 RULES.—Subsection (e)(2) shall not apply to any  
5 currency transaction unless the value of the currency  
6 acquired by the United States person in such trans-  
7 action exceeds \$10,000. The preceding sentence  
8 shall not apply if the person who facilitates such  
9 currency transaction knows, or has reason to know,  
10 that the exception provided by paragraph (1) does  
11 not apply to such transaction.

12 “(c) AMOUNT OF TAX.—

13 “(1) IN GENERAL.—The amount of the tax im-  
14 posed under subsection (a) with respect to any cur-  
15 rency transaction shall be equal to 0.005 percent of  
16 the value of the currency acquired in the trans-  
17 action.

18 “(2) SPECIAL RULE FOR CURRENCY DERIVA-  
19 TIVES.—In the case of any currency derivative, the  
20 value of the currency acquired in the transaction  
21 shall be treated for purposes of this section as being  
22 equal to—

23 “(A) in the case of a forward contract, the  
24 value of the currency purchased or sold for-  
25 ward,

1           “(B) in the case of a notional principal  
2 contract, the value of the notional principal  
3 amount of the contract,

4           “(C) in the case of an option, the value of  
5 the currency that would be acquired in the  
6 event the option were exercised, and

7           “(D) in the case of any other currency de-  
8 rivative, the value as determined by the Sec-  
9 retary.

10           “(3) VALUATION OF CURRENCY.—For purposes  
11 of this section, the valuation of any currency shall  
12 be determined in the taxpayer’s functional currency  
13 (within the meaning of section 985) at the spot rate  
14 on the date of the transaction.

15           “(d) CURRENCY TRANSACTION.—For purposes of  
16 this section—

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

19           “(A) the exchange of any currency for an-  
20 other currency, and

21           “(B) entering into any currency derivative.

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

24           “(A) any currency notional principal con-  
25 tract, and

1           “(B) any option, forward contract, short  
2           position, hedge, or similar financial instrument  
3           with respect to any currency or currency no-  
4           tional principal contract.

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

6           “(1) LIABILITY FOR TAX.—The tax imposed  
7           under subsection (a) with respect to any currency  
8           transaction shall be paid by the United States per-  
9           son referred to in subsection (a). Such person shall  
10          be allowed a credit against such tax in the amount  
11          withheld as tax under paragraph (2) with respect to  
12          such transaction.

13          “(2) WITHHOLDING BY CURRENCY TRANS-  
14          ACTION FACILITATORS.—

15          “(A) IN GENERAL.—Except as provided in  
16          subparagraph (B), each United States person  
17          which facilitates a currency transaction by, or  
18          on behalf of, a United States person shall de-  
19          duct and withhold from the amount involved in  
20          such transaction a tax equal to the amount of  
21          the tax imposed under section 4475 with re-  
22          spect to such transaction.

23          “(B) AMOUNTS WITHHELD ONLY ONCE.—  
24          The Secretary shall prescribe regulations or  
25          other guidance to ensure that only one United

1 States person deducts and withholds the  
2 amount described in subparagraph (A) with re-  
3 spect to each currency transaction. Such regula-  
4 tions or other guidance shall (subject to such  
5 exceptions as the Secretary may prescribe) re-  
6 quire—

7 “(i) in the case of a currency trans-  
8 action which is confirmed and matched by  
9 a United States person, that such person  
10 so deduct and withhold such amount, and

11 “(ii) in the case of a currency trans-  
12 action not described in clause (i) which is  
13 settled by a United States person, that  
14 such person so deduct and withhold such  
15 amount.

16 “(3) COORDINATION WITH OTHER SECTIONS.—  
17 For purposes of so much of subtitle F (other than  
18 section 7205) as relates to chapter 24, amounts  
19 which are subject to withholding under paragraph  
20 (2) shall be treated as if they were wages paid by  
21 an employer to an employee (and amounts deducted  
22 and withheld under paragraph (2) shall be treated  
23 as if deducted and withheld under section 3402).

24 “(f) APPLICATION TO EXPANDED AFFILIATED  
25 GROUPS.—



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

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

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

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

14           A partnership or any other entity (other than a cor-  
15           poration) shall be treated as a member of an ex-  
16           panded affiliated group if such entity is controlled  
17           (within the meaning of section 954(d)(3)) by mem-  
18           bers of such group (including any entity treated as  
19           a member of such group by reason of this sen-  
20           tence).”.

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

                  “SUBCHAPTER C. CURRENCY TRANSACTIONS”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to transactions after December 31,  
3 2011.

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

5 (a) CHILD CARE ASSISTANCE TRUST 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 “Child Care Assistance Trust Fund”,  
9 consisting of such amounts as may be appropriated  
10 or credited to the Child Care Assistance Trust Fund  
11 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 Child Care Assistance Trust  
15 Fund, out of any money in the Treasury not other-  
16 wise appropriated, amounts equivalent to 10 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 Child Care Assistance Trust Fund  
21 shall be available, as provided by appropriation Acts,  
22 for making expenditures to carry out subsection (b).

23 (4) MANAGEMENT OF TRUST FUND.—For pur-  
24 poses of subchapter B of chapter 98 of the Internal  
25 Revenue Code of 1986, the provisions of this sub-

1 section shall be treated as provisions of subchapter  
2 A of such chapter.

3 (b) CHILD CARE ASSISTANCE GRANTS.—

4 (1) IN GENERAL.—Any appropriation under  
5 subsection (a)(3) from the Child Care Assistance  
6 Trust Fund shall be allocated among the States as  
7 an increase in the amount determined under section  
8 418(a)(1) of the Social Security Act in the same  
9 proportion as the amount determined under such  
10 section with respect to such State (determined with-  
11 out regard to this subsection) bears to the aggregate  
12 amounts so determined with respect to all of the  
13 States.

14 (2) FUNDING TO BE ADDITIONAL.—It is the  
15 sense of the Congress that amounts made available  
16 under this subsection shall be in addition to (and  
17 shall not be a replacement for) other funding for  
18 child care assistance.

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

20 (a) MULTILATERAL GLOBAL HEALTH TRUST  
21 FUND.—

22 (1) IN GENERAL.—There is established in the  
23 Treasury of the United States a trust fund to be  
24 known as the “Multilateral Global Health Trust  
25 Fund”, consisting of such amounts as may be appro-

1        appropriated or credited to the Multilateral Global Health  
2        Trust Fund as provided in this section.

3                (2) TRANSFER TO TRUST FUND OF AMOUNTS  
4        EQUIVALENT TO CERTAIN TAXES.—There are hereby  
5        appropriated to the Multilateral Global Health Trust  
6        Fund, out of any money in the Treasury not other-  
7        wise appropriated, amounts equivalent to 25 percent  
8        of the taxes received in the Treasury under section  
9        4475 of the Internal Revenue Code of 1986.

10              (3) EXPENDITURES FROM TRUST FUND.—  
11        Amounts in the Multilateral Global Health Trust  
12        Fund shall be available, as provided by appropria-  
13        tion Acts, for making expenditures to carry out sub-  
14        section (b).

15              (4) MANAGEMENT OF TRUST FUND.—For pur-  
16        poses of subchapter B of chapter 98 of the Internal  
17        Revenue Code of 1986, the provisions of this sub-  
18        section shall be treated as provisions of subchapter  
19        A of such chapter.

20              (b) MULTILATERAL GLOBAL HEALTH GRANT PRO-  
21        GRAM.—

22              (1) IN GENERAL.—The Secretary of State shall  
23        make grants to assist developing countries in ad-  
24        dressing HIV/AIDS, tuberculosis, malaria, maternal

1 mortality, family planning, neglected diseases, and  
2 other health issues affecting developing countries.

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

5 (A) the Global Fund to Fight AIDS, Tu-  
6 bereculosis and Malaria to provide grants de-  
7 scribed in paragraph (1), and

8 (B) other multilateral health funding  
9 mechanisms which the Secretary certifies—

10 (i) provide a significant majority of  
11 their total funding to programs in the form  
12 of grants,

13 (ii) include independent and external  
14 technical review of programs in the award-  
15 ing of funding,

16 (iii) include governance structures  
17 that involve donor governments, imple-  
18 menting governments, civil society, and af-  
19 fected communities as equal decision-  
20 makers,

21 (iv) provide funding based on plans  
22 developed by implementing countries  
23 through country-level processes that in-  
24 clude equal and meaningful involvement of  
25 civil society and impacted communities,

1 (v) require measures of performance  
2 of all projects and formal mechanisms that  
3 condition continued financing on successful  
4 performance and outcomes, and

5 (vi) include mechanisms for strict fi-  
6 nancial accountability and provides trans-  
7 parency of all decisions, evaluations, and  
8 finances through publically accessible docu-  
9 ments.

10 (3) FUNDING TO BE ADDITIONAL.—It is the  
11 sense of the Congress that grants made under this  
12 subsection shall be in addition to (and shall not be  
13 a replacement for) other funding for global health  
14 initiatives in developing countries.

15 **SEC. 5. GLOBAL CLIMATE CHANGE ADAPTATION AND MITI-**  
16 **GATION.**

17 (a) GLOBAL CLIMATE CHANGE ADAPTATION AND  
18 MITIGATION TRUST FUND.—

19 (1) IN GENERAL.—There is established in the  
20 Treasury of the United States a trust fund to be  
21 known as the “Global Climate Change Adaptation  
22 and Mitigation Trust Fund”, consisting of such  
23 amounts as may be appropriated or credited to the  
24 Global Climate Change Adaptation and Mitigation  
25 Trust Fund as provided in this section.

1           (2) TRANSFER TO TRUST FUND OF AMOUNTS  
2           EQUIVALENT TO CERTAIN TAXES.—There are hereby  
3           appropriated to the Global Climate Change Adapta-  
4           tion and Mitigation Trust Fund, out of any money  
5           in the Treasury not otherwise appropriated, amounts  
6           equivalent to 25 percent of the taxes received in the  
7           Treasury under section 4475 of the Internal Rev-  
8           enue Code of 1986.

9           (3) EXPENDITURES FROM TRUST FUND.—  
10          Amounts in the Global Climate Change Adaptation  
11          and Mitigation Trust Fund shall be available, as  
12          provided by appropriation Acts, for making expendi-  
13          tures to carry out subsection (b).

14          (4) MANAGEMENT OF TRUST FUND.—For pur-  
15          poses of subchapter B of chapter 98 of the Internal  
16          Revenue Code of 1986, the provisions of this sub-  
17          section shall be treated as provisions of subchapter  
18          A of such chapter.

19          (b) GLOBAL CLIMATE CHANGE ADAPTATION AND  
20          MITIGATION PROGRAM.—

21                 (1) IN GENERAL.—Any appropriation under  
22                 subsection (a)(3) from the Global Climate Change  
23                 Adaptation and Mitigation Trust Fund shall be  
24                 made for contributions to the Green Climate Fund,  
25                 and the Adaptation Fund, established pursuant to

1 the United Nations Framework Convention on Cli-  
2 mate Change (UNFCCC).

3 (2) FUNDING TO BE ADDITIONAL.—It is the  
4 sense of the Congress that contributions made under  
5 this subsection shall be in addition to (and shall not  
6 be a replacement for) other funding for global cli-  
7 mate change adaptation and mitigation initiatives in  
8 developing countries.

9 **SEC. 6. DEFICIT REDUCTION.**

10 The amount of taxes received in the Treasury under  
11 section 4475 of the Internal Revenue Code of 1986 (re-  
12 duced by amounts appropriated under sections 3, 4, and  
13 5) shall be used for deficit reduction, except that in the  
14 case of a fiscal year for which there is no Federal budget  
15 deficit, such amount shall be used to reduce the Federal  
16 debt (in such manner as the Secretary of the Treasury  
17 considers appropriate).

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