

# United States Senate

WASHINGTON, DC 20510-1605

FINANCE

HEALTH, EDUCATION,  
LABOR, AND PENSIONS

ETHICS

RULES

<http://roberts.senate.gov>

April 26, 2013

## Protect American Investments Act of 2013

Dear Colleague:

In recent months, France, Italy, and the European Union have begun the implementation of a financial transaction tax. Such a tax would have a severe impact on U.S. investors, and would make the road to a stable economy more difficult. This is why I am proposing legislation to prohibit the Department of the Treasury from assisting foreign governments from collecting such a tax in the United States. A financial transaction tax would burden small businesses, agricultural producers and investors who trade on United States stock or commodity exchanges. It is imperative that the United States remains steadfast against such a detrimental policy.

The legislation would prohibit the Secretary of the Treasury from assisting any foreign government with respect to the collection of a tax on securities transactions occurring on a United States exchange. It also protects securities transactions in the United States from enforcement of any excise taxes imposed by the government of France.

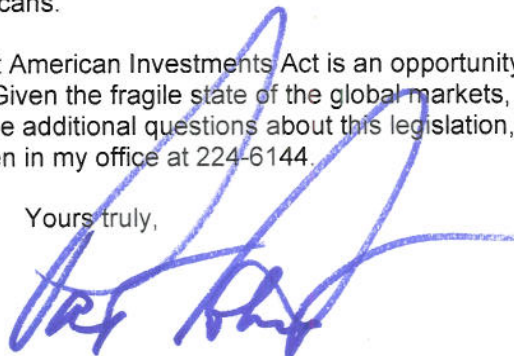
A financial transaction tax would have a significant negative impact on investors and small businesses. Countries that have imposed a financial transaction tax have found that such a tax impedes the efficiency of markets, impairs depth and liquidity, raises costs to issuers, investors, and pensioners, and distort capital flows by discriminating against asset classes. Furthermore, a financial transaction tax by one country that does not include all major financial centers will increase market dislocation and decrease liquidity; which will only serve to shift trading volume to venues that do not impose such a tax.

A vaguely drafted financial transaction tax, such as those being implemented in France and Italy, and under consideration by the EU, will also negatively impact the agriculture sector. Agriculture producers and many other participants in the food production chain hedge all manner of prices that relate to their business. Corn growers use hedging and options to lock in prices, farm coops also actively hedge prices. Fuel prices are also locked in up and down the production chain. Because agriculture is global in scope, these financial transactions are increasingly based on the price, trade or other activity in foreign markets.

It is not uncommon, for example, for a Kansas farm coop to use a derivative transaction that is based on a foreign financial instrument; they may hedge grain prices based on European or South American grain prices. A tax on the trades based on a European transaction would filter through to an American taxpayer, even though that taxpayer has no direct connection to the foreign transaction. Foreign governments may also try to force the bank or broker who facilitated a transaction to collect and remit the tax. While the rate of the tax may be small, because of the volume of these trades, the costs can add up. As with other transactional costs, these will be passed on to the end user/customer; a real tax cost passed on to Americans.

Please join me in this important effort. The Protect American Investments Act is an opportunity to take a stand for stability and certainty in global financial markets. Given the fragile state of the global markets, an imposition of such a tax would be extremely harmful. Should you have additional questions about this legislation, or would like to become as a cosponsor, please contact Chris Allen in my office at 224-6144.

Yours truly,



Pat Roberts  
United States Senate

113TH CONGRESS  
1ST SESSION

S. \_\_\_\_\_

To protect financial transactions in the United States from enforcement of certain excise taxes imposed by any foreign government, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

Mr. ROBERTS introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To protect financial transactions in the United States from enforcement of certain excise taxes imposed by any foreign government, and for other purposes.

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.**

4 This Act may be cited as the "Protect American In-  
5 vestments Act of 2013".

1 **SEC. 2. PROHIBITION ON THE UNITED STATES PERSONS**  
2 **PAYING FOREIGN FINANCIAL TRANSACTION**  
3 **TAX.**

4 (a) IN GENERAL.—A United State based company,  
5 entity, or person shall be prohibited from paying a finan-  
6 cial transaction tax which is imposed by a foreign country  
7 on any covered financial transaction.

8 (b) ACTIONS BY SECRETARY.—The Secretary of the  
9 Treasury—

10 (1) not later than 90 days after the date of the  
11 enactment of this Act, shall promulgate such regula-  
12 tions or other guidance, and

13 (2) may take such other actions,  
14 as may be necessary or appropriate to carry out subsection  
15 (a).

16 **SEC. 3. PROHIBITION ON UNITED STATES ASSISTANCE IN**  
17 **COLLECTING CERTAIN TAXES, ETC.**

18 The Secretary of the Treasury may not assist any  
19 foreign government with respect to the collection of any  
20 excise tax, related penalty, or related judgment by a court  
21 of a foreign country or by a foreign government on any  
22 covered financial transaction.



1 **SEC. 4. PROTECTION OF FINANCIAL TRANSACTIONS IN THE**  
2 **UNITED STATES FROM ENFORCEMENT OF EX-**  
3 **CISE TAX IMPOSED BY FRANCE.**

4 The Secretary of the Treasury shall apply paragraph  
5 4 of Article 29 of the Convention Between the Government  
6 of the United States of America and the Government of  
7 the French Republic for the Avoidance of Double Taxation  
8 and the Prevention of Fiscal Evasion With Respect to  
9 Taxes on Income and Capital, entered into force on or  
10 after January 1, 1996, to exempt covered financial trans-  
11 actions.

12 **SEC. 5. DEFINITIONS.**

13 For purposes of this Act—

14 (1) COVERED FINANCIAL TRANSACTION.—The  
15 term “covered financial transaction” means a finan-  
16 cial transaction occurring on a United States ex-  
17 change or over the counter within the United States,  
18 notwithstanding the nationality of the issuer of such  
19 security or the residence of any party to the trans-  
20 action.

21 (2) SECRETARY OF THE TREASURY.—The term  
22 “Secretary of the Treasury” includes any delegate of  
23 the Secretary.