

AMENDMENT TO RULES COMMITTEE PRINT 115-

39

OFFERED BY MR. ELLISON OF MINNESOTA

Add at the end the following:

1 **TITLE VI—INCLUSIVE**
2 **PROSPERITY**

3 **SEC. 601. SHORT TITLE.**

4 This title may be cited as the “Inclusive Prosperity
5 Act of 2017”.

6 **SEC. 602. TRANSACTION TAX.**

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

10 **“Subchapter C—Tax on Trading Transactions**

“Sec. 4475. Tax on trading transactions.

11 **“SEC. 4475. TAX ON TRADING TRANSACTIONS.**

12 “(a) **IMPOSITION OF TAX.**—There is hereby imposed
13 a tax on the transfer of ownership in each covered trans-
14 action with respect to any security.

15 “(b) **RATE OF TAX.**—The tax imposed under sub-
16 section (a) with respect to any covered transaction shall
17 be the applicable percentage of the specified base amount

1 with respect to such covered transaction. The applicable
2 percentage shall be—

3 “(1) 0.5 percent in the case of a security de-
4 scribed in subparagraph (A) or (B) of subsection
5 (e)(1),

6 “(2) 0.10 percent in the case of a security de-
7 scribed in subparagraph (C) of subsection (e)(1),
8 and

9 “(3) 0.005 percent in the case of a security de-
10 scribed in subparagraph (D), (E), or (F) of sub-
11 section (e)(1).

12 “(c) SPECIFIED BASE AMOUNT.—For purposes of
13 this section, the term ‘specified base amount’ means—

14 “(1) except as provided in paragraph (2), the
15 fair market value of the security (determined as of
16 the time of the covered transaction), and

17 “(2) in the case of any payment described in
18 subsection (h), the amount of such payment.

19 “(d) COVERED TRANSACTION.—For purposes of this
20 section, the term ‘covered transaction’ means—

21 “(1) except as provided in paragraph (2), any
22 purchase if—

23 “(A) such purchase occurs or is cleared on
24 a facility located in the United States, or

1 “(B) the purchaser or seller is a United
2 States person, and

3 “(2) any transaction with respect to a security
4 described in subparagraph (D), (E), or (F) of sub-
5 section (e)(1), if—

6 “(A) such security is traded or cleared on
7 a facility located in the United States, or

8 “(B) any party with rights under such se-
9 curity is a United States person.

10 “(e) SECURITY AND OTHER DEFINITIONS.—For pur-
11 poses of this section—

12 “(1) IN GENERAL.—The term ‘security’
13 means—

14 “(A) any share of stock in a corporation,

15 “(B) any partnership or beneficial owner-
16 ship interest in a partnership or trust,

17 “(C) any note, bond, debenture, or other
18 evidence of indebtedness, other than a State or
19 local bond the interest of which is excluded
20 from gross income under section 103(a),

21 “(D) any evidence of an interest in, or a
22 derivative financial instrument with respect to,
23 any security or securities described in subpara-
24 graph (A), (B), or (C),

1 “(E) any derivative financial instrument
2 with respect to any currency or commodity in-
3 cluding notional principal contracts, and

4 “(F) any other derivative financial instru-
5 ment any payment with respect to which is cal-
6 culated by reference to any specified index.

7 “(2) DERIVATIVE FINANCIAL INSTRUMENT.—
8 The term ‘derivative financial instrument’ includes
9 any option, forward contract, futures contract, no-
10 tional principal contract, or any similar financial in-
11 strument.

12 “(3) SPECIFIED INDEX.—The term ‘specified
13 index’ means any one or more of any combination
14 of—

15 “(A) a fixed rate, price, or amount, or

16 “(B) a variable rate, price, or amount,
17 which is based on any current objectively deter-
18 minable information which is not within the
19 control of any of the parties to the contract or
20 instrument and is not unique to any of the par-
21 ties’ circumstances.

22 “(4) TREATMENT OF EXCHANGES.—

23 “(A) IN GENERAL.—An exchange shall be
24 treated as the sale of the property transferred

1 and a purchase of the property received by each
2 party to the exchange.

3 “(B) CERTAIN DEEMED EXCHANGES.—In
4 the case of a distribution treated as an ex-
5 change for stock under section 302 or 331, the
6 corporation making such distribution shall be
7 treated as having purchased such stock for pur-
8 poses of this section.

9 “(f) EXCEPTIONS.—

10 “(1) EXCEPTION FOR INITIAL ISSUES.—No tax
11 shall be imposed under subsection (a) on any cov-
12 ered transaction with respect to the initial issuance
13 of any security described in subparagraph (A), (B),
14 or (C) of subsection (e)(1).

15 “(2) EXCEPTION FOR CERTAIN TRADED SHORT-
16 TERM INDEBTEDNESS.—A note, bond, debenture, or
17 other evidence of indebtedness which—

18 “(A) is traded on a trading facility located
19 in the United States, and

20 “(B) has a fixed maturity of not more
21 than 60 days,

22 shall not be treated as described in subsection
23 (e)(1)(C).

24 “(3) EXCEPTION FOR SECURITIES LENDING AR-
25 RANGEMENTS.—No tax shall be imposed under sub-

1 section (a) on any covered transaction with respect
2 to which gain or loss is not recognized by reason of
3 section 1058.

4 “(g) BY WHOM PAID.—

5 “(1) IN GENERAL.—The tax imposed by this
6 section shall be paid by—

7 “(A) in the case of a transaction which oc-
8 curs or is cleared on a facility located in the
9 United States, such facility, and

10 “(B) in the case of a purchase not de-
11 scribed in subparagraph (A) which is executed
12 by a broker (as defined in section 6045(c)(1)),
13 the broker.

14 “(2) SPECIAL RULES FOR DIRECT, ETC.,
15 TRANSACTIONS.—In the case of any transaction to
16 which paragraph (1) does not apply, the tax imposed
17 by this section shall be paid by—

18 “(A) in the case of a transaction described
19 in subsection (d)(1)—

20 “(i) the purchaser if the purchaser is
21 a United States person, and

22 “(ii) the seller if the purchaser is not
23 a United States person, and

24 “(B) in the case of a transaction described
25 in subsection (d)(2)—

1 “(i) the payor if the payor is a United
2 States person, and

3 “(ii) the payee if the payor is not a
4 United States person.

5 “(h) CERTAIN PAYMENTS TREATED AS SEPARATE
6 TRANSACTIONS.—Except as otherwise provided by the
7 Secretary, any payment with respect to a security de-
8 scribed in subparagraph (D), (E), or (F) of subsection
9 (e)(1) shall be treated as a separate transaction for pur-
10 poses of this section, including—

11 “(1) any net initial payment, net final or termi-
12 nating payment, or net periodical payment with re-
13 spect to a notional principal contract (or similar fi-
14 nancial instrument),

15 “(2) any payment with respect to any forward
16 contract (or similar financial instrument), and

17 “(3) any premium paid with respect to any op-
18 tion (or similar financial instrument).

19 “(i) ADMINISTRATION.—The Secretary shall carry
20 out this section in consultation with the Securities and Ex-
21 change Commission and the Commodity Futures Trading
22 Commission.

23 “(j) GUIDANCE; REGULATIONS.—The Secretary
24 shall—

1 “(b) AMOUNT OF PENALTY.—Except as otherwise
2 provided in this subsection, the amount of the penalty
3 under subsection (a) with respect to any covered trans-
4 action shall be determined by the Secretary.

5 “(c) COVERED TRANSACTION.—For purposes of this
6 section, the term ‘covered transaction’ has the meaning
7 given such term by section 4475(d).

8 “(d) AUTHORITY TO RESCIND PENALTY.—

9 “(1) IN GENERAL.—The Commissioner of In-
10 ternal Revenue may rescind all or any portion of any
11 penalty imposed by this section with respect to any
12 violation if rescinding the penalty would promote
13 compliance with the requirements of this title and
14 effective tax administration.

15 “(2) NO JUDICIAL APPEAL.—Notwithstanding
16 any other provision of law, any determination under
17 this subsection may not be reviewed in any judicial
18 proceeding.

19 “(3) RECORDS.—If a penalty is rescinded under
20 paragraph (1), the Commissioner shall place in the
21 file in the Office of the Commissioner the opinion of
22 the Commissioner with respect to the determination,
23 including—

24 “(A) a statement of the facts and cir-
25 cumstances relating to the violation,

1 “(B) the reasons for the rescission, and

2 “(C) the amount of the penalty rescinded.

3 “(e) COORDINATION WITH OTHER PENALTIES.—The
4 penalty imposed by this section shall be in addition to any
5 other penalty imposed by this title.”.

6 (c) CLERICAL AMENDMENTS.—

7 (1) The table of sections for part I of sub-
8 chapter B of chapter 68 of such Code is amended
9 by inserting after item relating to section 6707A the
10 following new item:

“Sec. 6707B. Penalty for failure to include covered transaction information
with return.”.

11 (2) The table of subchapters for chapter 36 of
12 the Internal Revenue Code of 1986 is amended by
13 inserting after the item relating to subchapter B the
14 following new item:

“SUBCHAPTER C. TAX ON TRADING TRANSACTIONS”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to transactions after December 31,
17 2017.

18 **SEC. 603. OFFSETTING CREDIT FOR FINANCIAL TRANS-**
19 **ACTION TAX.**

20 (a) IN GENERAL.—Subpart A of part IV of sub-
21 chapter A of chapter 1 of the Internal Revenue Code of
22 1986 (relating to nonrefundable personal credits) is

1 amended by inserting after section 25D the following new
2 section:

3 **“SEC. 25E. FINANCIAL TRANSACTION TAX PAYMENTS.**

4 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
5 dividual, there shall be allowed as a credit against the tax
6 imposed by this chapter for the taxable year an amount
7 equal to the tax paid during the taxable year under section
8 4475.

9 “(b) LIMITATION BASED ON MODIFIED ADJUSTED
10 GROSS INCOME.—

11 “(1) IN GENERAL.—Subsection (a) shall not
12 apply to a taxpayer for the taxable year if the modi-
13 fied adjusted gross income of the taxpayer for the
14 taxable year exceeds \$50,000 (\$75,000 in the case
15 of a joint return and one-half of such amount in the
16 case of a married individual filing a separate re-
17 turn).

18 “(2) MODIFIED ADJUSTED GROSS INCOME.—
19 For purposes of paragraph (1), the term ‘modified
20 adjusted gross income’ means adjusted gross in-
21 come—

22 “(A) determined without regard to sections
23 86, 893, 911, 931, and 933, and

1 “(B) increased by the amount of interest
2 received or accrued by the taxpayer during the
3 taxable year which is exempt from tax.

4 “(3) INFLATION ADJUSTMENT.—

5 “(A) IN GENERAL.—In the case of any
6 taxable year beginning after 2016, each dollar
7 amount referred to in paragraph (1) shall be in-
8 creased by an amount equal to—

9 “(i) such dollar amount, multiplied by

10 “(ii) the cost-of-living adjustment de-
11 termined under section (1)(f)(3) of the In-
12 ternal Revenue Code of 1986 for the cal-
13 endar year in which the taxable year be-
14 gins, by substituting ‘2017’ for ‘1992’.

15 “(B) ROUNDING.—If any amount as ad-
16 justed under clause (i) is not a multiple of \$50,
17 such amount shall be rounded to the nearest
18 multiple of \$50.

19 “(c) ELIGIBLE INDIVIDUAL.—

20 “(1) IN GENERAL.—The term ‘eligible indi-
21 vidual’ means, with respect to any taxable year, an
22 individual who—

23 “(A) has attained the age of 18 as of the
24 last day of such taxable year, and

1 “(B) is a citizen or lawful permanent resi-
2 dent (within the meaning of section 7701(b)(6))
3 as of the last day of such taxable year.

4 “(2) CERTAIN INDIVIDUALS NOT ELIGIBLE.—
5 For purposes of paragraph (1), an individual de-
6 scribed in any of the following provisions of this title
7 for the preceding taxable year shall not be treated
8 as an eligible individual for the taxable year:

9 “(A) An individual who is a student (as
10 defined in section 152(f)(2)) for the taxable
11 year or the immediately preceding taxable year.

12 “(B) An individual who is a taxpayer de-
13 scribed in subsection (c), (d), or (e) of section
14 6402 for the immediately preceding taxable
15 year.

16 “(C) A married individual who files a sepa-
17 rate return for the taxable year.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for subpart A of part IV of subchapter A of chapter 1
20 of such Code is amended by inserting after the item relat-
21 ing to section 25D the following new item:

 “Sec. 25E. Financial transaction tax payments.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2017.

