

Focus on Funds: Fresh Concerns Around Proposals to Tax Funds and Their Investors

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The March 27, 2015, edition of *Focus on Funds* features the latest discussion of a financial transaction tax, in both the European Union and the United States.

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Transcript

Stephanie Ortvals-Tibbs, ICI Director, Media Relations: Welcome to *Focus on Funds*, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

Savers in the EU and in the U.S. are under threat again from a misguided tax idea.

I talked with ICI Senior Counsel Keith Lawson about the latest on the financial transaction tax proposals.

Keith, talk of a financial transaction tax continues in the EU, and now there's some talk of it again in the U.S. What do we hear?

Keith Lawson, Deputy General Counsel, Tax Law: A financial transaction tax is a bad idea that just won't die. We keep talking about a financial transaction tax but nothing really substantively is going on. In Europe, the politicians several years ago decided that as a result of the financial crisis, they had to hit the people who caused that crisis, whoever those are. One thing that's clear is that they're not mutual fund investors. And yet, the tax continues to be discussed there at great length and in the United States, the same thing. There are discussions about a financial transaction tax, there have been for decades and yet, it's still just talk because people seem to understand at some level that they're not hitting the people that they intended to hit. They're hitting people who are trying to save for retirement and other long-term needs.

Ortvals-Tibbs: So, that's one thing we should get into a little bit more. This really could hurt savers who use funds to save for retirement or other needs.

Lawson: Absolutely. Depending on how the tax is constructed, it could involve multiple layers of tax on each transaction. In the fund context, there could be a tax both on the purchase and/or on the redemption of shares and on the portfolio transactions that are affected with that cash.

Ortbals-Tibbs: So you continue to watch this very closely and you're very engaged in both the EU and the U.S. just to make sure that this doesn't advance.

Lawson: Absolutely.

Ortbals-Tibbs: That's this week in funds. See you next week.

Additional Resources

- ICI Viewpoints: [The Extraordinarily Extraterritorial Proposal to Tax Global Financial Transactions](#)
- ICI Viewpoints: [Individual Investors Will Be Harmed by Financial Transaction Taxes](#)

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