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# ICI CEO Statement Opposing Wyden Proposal to Penalize ETF and Mutual Fund Investors

**Washington, DC; September 15, 2021**—Investment Company Institute President and CEO Eric J. Pan issued the following statement today on the provision to repeal section 852(b)(6) of the Internal Revenue Code, the tax treatment of exchange-traded funds (ETFs) and mutual funds, contained within Senate Finance Committee Chairman Ron Wyden's draft legislation unveiled on September 10, 2021:

"The Investment Company Institute strongly opposes the provision in Chairman Wyden's draft legislation to change the tax treatment of the use of in-kind redemptions by ETFs and mutual funds. This provision will penalize Main Street investors striving to build financial security, especially those using ETFs, which make greater use of in-kind redemptions. Nearly 12 million US households own ETFs as part of their financial planning, and the median income of these households is $125,000.

"The provision would make it more expensive for working families to invest for the long term. It would also make regulated investments less attractive to younger Americans who are starting to participate in the financial markets.

"The tax code's current treatment of in-kind redemptions for both ETFs and mutual funds helps prevent investors from incurring unexpected tax bills, but still ensures that fund investors pay all the tax that they owe when they ultimately sell or redeem their shares. As a result, the provision as currently drafted in Chairman Wyden's bill would not close a 'loophole,' as he suggests, but would instead result in US households receiving additional tax bills.

"We urge Chairman Wyden and Congress to not include this provision in the legislative text of budget proposals."