SIFMA Submits Tax Reform Recommendations to Senate Finance Committee .

Washington, DC, July 18, 2017 – SIFMA submitted recommendations for tax reform to the Senate Finance Committee in response to Chairman Orrin Hatch's (R-UT) request for comments issued on June 16, 2017.

"SIFMA strongly supports tax legislation that will enhance economic opportunities for individual Americans, promote savings and encourage investment, and lower the tax rate for American businesses that compete in a global marketplace," said Kenneth E. Bentsen, Jr., SIFMA president and CEO. "SIFMA commends Chairman Hatch, his staff, and the members of the Senate Finance Committee for making tax reform a priority. We look forward to working with the Committee to improve the climate for economic growth and prosperity for all Americans,"

SIFMA's recommendations include:

SIFMA Supports Pro-Growth, Comprehensive Tax Reform:
SIFMA supports movement to a territorial tax system that recognizes the unique characteristics of the financial services industry, that is fair and equitable for U.S. financial services companies and investors, and has tax rules for inbound investment that encourage foreign investment in the U.S. and does not discriminate against non-U.S. financial services companies seeking to compete in U.S. markets.

International Tax Reform:
The U.S. is one of the only remaining countries that continue to tax its residents on income derived from the active conduct of a foreign business. Most of our trading partners have moved toward a more competitive exemption or partial exemption system, under which business income earned by foreign subsidiaries is taxed primarily in the country where it is earned and anti-base erosion regimes serve to protect the home country tax base. SIFMA believes that a well-crafted exemption system, with appropriate safeguards against base erosion, would be strongly beneficial to the United States economy.

Federal Tax Exemption for Municipal Bond Interest:
State and local governments benefit from the tax exemption through significantly lower borrowing costs. Municipal bonds are used to finance a wide variety of infrastructure like schools, roads, bridges, airports, water and sewer systems, hospitals and many others. The tax exemption lowers the cost of financing these projects and encourages more infrastructure investment. The tax exemption is better than direct subsidies for infrastructure investment because bonds must be repaid, forcing a market test of the project's viability.

Tax Incentives for Retirement Savings:
Because of their tax-deferred status, retirement plans may come under scrutiny as a way to reduce the deficit. SIFMA participates in a coalition of service providers, plan sponsors and HR professionals – the Coalition to Protect Retirement – with the goal of preserving the tax incentives

that are critical to encouraging Americans to save for retirement and to businesses sponsoring plans for employees.

Capital Gains and Dividends:
SIFMA and its members consistently have advocated for low federal income tax rates on savings and investment and supports low capital gains rates and parity between the rates for capital gains and qualified dividends. We believe that these preferential rates provide a necessary and powerful incentive for investments that benefits retail investors and strengthens the U.S. economy, and that Congress and the Committee should be mindful of preserving these incentives as discussions about tax reform unfold.

Financial Transaction Tax:
SIFMA is opposed to the imposition of any financial transaction and encourages lawmakers to consider the lessons of past efforts to implement FTT laws in other nations. SIFMA believes an FTT would raise the cost of capital needed by businesses and would amount to a new sales tax on retirees and middle-class investors.

The full document submitted to the Senate Finance Committee can be read here.

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