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(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

# H. R.

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To impose a tax on certain trading transactions to invest in our families and communities, improve our infrastructure and our environment, strengthen our financial security, expand opportunity and reduce market volatility.

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## IN THE HOUSE OF REPRESENTATIVES

Ms. LEE of California introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To impose a tax on certain trading transactions to invest in our families and communities, improve our infrastructure and our environment, strengthen our financial security, expand opportunity and reduce market volatility.

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 “Tax on Wall Street  
5 Speculation Act”.

1 **SEC. 2. TRANSACTION TAX.**

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

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

“Sec. 4475. Tax on trading transactions.

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

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

10 “(b) RATE OF TAX.—The tax imposed under sub-  
11 section (a) with respect to any covered transaction shall  
12 be the applicable percentage of the specified base amount  
13 with respect to such covered transaction. The applicable  
14 percentage shall be—

15 “(1) 0.5 percent in the case of a security de-  
16 scribed in subparagraph (A), (B), or (E) of sub-  
17 section (e)(1),

18 “(2) 0.10 percent in the case of a security de-  
19 scribed in subparagraph (C) of such subsection, and

20 “(3) 0.005 percent in the case of a security de-  
21 scribed in subparagraph (D) of such subsection.

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

24 “(1) except as provided in paragraph (2)—

1           “(A) in the case of any security described  
2           in subparagraph (A), (B), (C), or (E) of sub-  
3           section (e)(1), the fair market value of the secu-  
4           rity (determined as of the time of the covered  
5           transaction), and

6           “(B) in the case of any security described  
7           in subparagraph (D) of such subsection, the  
8           fair market value of the underlying investment  
9           with respect to such security (determined as of  
10          the time of the covered transaction), and

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

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

15                 “(1) except as provided in paragraph (2), any  
16                 purchase if—

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

19                         “(B) the purchaser or seller is a United  
20                         States person, and

21                 “(2) any transaction with respect to a security  
22                 described in subparagraph (D) of subsection (e)(1),  
23                 if—

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

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

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

5           “(1) SECURITY.—The term ‘security’ means—

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

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

9           “(C) any note, bond, debenture, or other  
10           evidence of indebtedness, other than a State or  
11           local bond the interest of which is excluded  
12           from gross income under section 103(a),

13           “(D) any derivative, or

14           “(E) any digital asset (as defined in sec-  
15           tion 6045(g)(3)(D)).

16           “(2) DERIVATIVE.—The term ‘derivative’  
17           means any contract (including any option, forward  
18           contract, futures contract, short position, swap, or  
19           similar contract) the value of which, or any payment  
20           or other transfer with respect to which, is (directly  
21           or indirectly) determined by reference to one or  
22           more of the following:

23           “(A) Any share of stock in a corporation.

24           “(B) Any partnership or beneficial owner-  
25           ship interest in a partnership or trust.

1 “(C) Any evidence of indebtedness.

2 “(D) Any real property.

3 “(E) Any commodity which is actively  
4 traded (within the meaning of section  
5 1092(c)(4)).

6 “(F) Any currency.

7 “(G) Any rate, price, amount, index, for-  
8 mula, or algorithm.

9 “(H) Any other item as the Secretary may  
10 prescribe.

11 Except as provided in regulations prescribed by the  
12 Secretary to prevent the avoidance of the purposes  
13 of this section, such term shall not include any item  
14 described in subparagraphs (A) through (H).

15 “(3) UNDERLYING INVESTMENT.—The term  
16 ‘underlying investment’ means, with respect to any  
17 derivative, any item—

18 “(A) which is described in any of the sub-  
19 paragraphs (A) through (H) of paragraph (2)  
20 (or any item substantially the same as any such  
21 item), and

22 “(B) by reference to which the value of the  
23 derivative, or any payment or other transfer  
24 with respect to the derivative, is determined ei-  
25 ther directly or indirectly.

1           “(4) TREATMENT OF EXCHANGES.—

2                   “(A) IN GENERAL.—An exchange shall be  
3           treated as the sale of the property transferred  
4           and a purchase of the property received by each  
5           party to the exchange.

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

12          “(f) EXCEPTIONS.—

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

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

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

23                           “(B) has a fixed maturity of not more  
24                           than 60 days,

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

3 “(3) EXCEPTION FOR SECURITIES LENDING AR-  
4 RANGEMENTS.—No tax shall be imposed under sub-  
5 section (a) on any covered transaction with respect  
6 to which gain or loss is not recognized by reason of  
7 section 1058.

8 “(g) BY WHOM PAID.—

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

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

14 “(B) in the case of a purchase not de-  
15 scribed in subparagraph (A) which is executed  
16 by a broker (as defined in section 6045(c)(1)),  
17 the broker.

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

22 “(A) in the case of a transaction described  
23 in subsection (d)(1)—

24 “(i) the purchaser if the purchaser is  
25 a United States person, and

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

3                   “(B) in the case of a transaction described  
4                   in subsection (d)(2)—

5                   “(i) the payor if the payor is a United  
6                   States person, and

7                   “(ii) the payee if the payor is not a  
8                   United States person.

9                   “(h) CERTAIN PAYMENTS TREATED AS SEPARATE  
10                  TRANSACTIONS.—Except as otherwise provided by the  
11                  Secretary, any payment with respect to a security de-  
12                  scribed in subparagraph (D) of subsection (e)(1) shall be  
13                  treated as a separate transaction for purposes of this sec-  
14                  tion, including—

15                   “(1) any net initial payment, net final or termi-  
16                   nating payment, or net periodical payment with re-  
17                   spect to a notional principal contract (or similar fi-  
18                   nancial instrument),

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

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

23                   “(i) ADMINISTRATION.—The Secretary shall carry  
24                   out this section in consultation with the Securities and Ex-



1 change Commission and the Commodity Futures Trading  
2 Commission.

3 “(j) GUIDANCE; REGULATIONS.—The Secretary  
4 shall—

5 “(1) provide guidance regarding such informa-  
6 tion reporting concerning covered transactions as the  
7 Secretary deems appropriate, including reporting by  
8 the payor of the tax in cases where the payor is not  
9 the purchaser, and

10 “(2) prescribe such regulations as are necessary  
11 or appropriate to prevent avoidance of the purposes  
12 of this section, including the use of non-United  
13 States persons in such transactions.

14 “(k) WHISTLEBLOWERS.—See section 7623 for pro-  
15 visions relating to whistleblowers.”.

16 (b) PENALTY FOR FAILURE TO INCLUDE COVERED  
17 TRANSACTION INFORMATION WITH RETURN.—Part I of  
18 subchapter B of chapter 68 of the Internal Revenue Code  
19 of 1986 is amended by inserting after section 6707A the  
20 following new section:

21 **“SEC. 6707B. PENALTY FOR FAILURE TO INCLUDE COV-  
22 ERED TRANSACTION INFORMATION WITH RE-  
23 TURN.**

24 “(a) IMPOSITION OF PENALTY.—Any person who  
25 fails to include on any return or statement any informa-

1 tion with respect to a covered transaction which is re-  
2 quired pursuant to section 4475(j)(1) to be included with  
3 such return or statement shall pay a penalty in the  
4 amount determined under subsection (b).

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

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

12 “(d) AUTHORITY TO RESCIND PENALTY.—

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

19 “(2) NO JUDICIAL APPEAL.—Notwithstanding  
20 any other provision of law, any determination under  
21 this subsection may not be reviewed in any judicial  
22 proceeding.

23 “(3) RECORDS.—If a penalty is rescinded under  
24 paragraph (1), the Commissioner shall place in the  
25 file in the Office of the Commissioner the opinion of

1 the Commissioner with respect to the determination,  
2 including—

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

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

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

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

10 (c) CLERICAL AMENDMENTS.—

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

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

15 (2) The table of subchapters for chapter 36 of  
16 the Internal Revenue Code of 1986 is amended by  
17 inserting after the item relating to subchapter B the  
18 following new item:

“SUBCHAPTER C. TAX ON TRADING TRANSACTIONS”.

19 (d) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to transactions after December 31,  
21 2023.

1 **SEC. 3. OFFSETTING CREDIT FOR FINANCIAL TRANS-**  
2 **ACTION TAX.**

3 (a) IN GENERAL.—Subpart A of part IV of sub-  
4 chapter A of chapter 1 of the Internal Revenue Code of  
5 1986 is amended by inserting after section 25E the fol-  
6 lowing new section:

7 **“SEC. 25F. FINANCIAL TRANSACTION TAX PAYMENTS.**

8 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-  
9 gible individual, there shall be allowed as a credit against  
10 the tax imposed by this chapter for the taxable year an  
11 amount equal to the tax paid during the taxable year  
12 under section 4475 with respect to any covered trans-  
13 action in which the taxpayer is a beneficial owner of the  
14 security transferred in such covered transaction.

15 “(b) SPECIAL RULE.—If the tax imposed under sec-  
16 tion 4475(a) with respect to any covered transaction is  
17 paid by any person other than 1 or more beneficial owners  
18 of the security transferred in such covered transaction, the  
19 determination for how such tax is allocated to such bene-  
20 ficial owners shall be made in a reasonable manner not  
21 inconsistent with regulations or other guidance prescribed  
22 by the Secretary.

23 “(c) LIMITATION BASED ON MODIFIED ADJUSTED  
24 GROSS INCOME.—

25 “(1) IN GENERAL.—Subsection (a) shall not  
26 apply to a taxpayer for the taxable year if the modi-

1       fied adjusted gross income of the taxpayer for the  
2       taxable year exceeds \$50,000 (\$75,000 in the case  
3       of a joint return and one-half of such amount in the  
4       case of a married individual filing a separate re-  
5       turn).

6               “(2) MODIFIED ADJUSTED GROSS INCOME.—  
7       For purposes of paragraph (1), the term ‘modified  
8       adjusted gross income’ means adjusted gross in-  
9       come—

10               “(A) determined without regard to sections  
11               86, 893, 911, 931, and 933, and

12               “(B) increased by the amount of interest  
13               received or accrued by the taxpayer during the  
14               taxable year which is exempt from tax.

15               “(3) INFLATION ADJUSTMENT.—

16               “(A) IN GENERAL.—In the case of any  
17               taxable year beginning after 2024, each dollar  
18               amount referred to in paragraph (1) shall be in-  
19               creased by an amount equal to—

20               “(i) such dollar amount, multiplied by

21               “(ii) the cost-of-living adjustment de-  
22               termined under section (1)(f)(3) of the In-  
23               ternal Revenue Code of 1986 for the cal-  
24               endar year in which the taxable year be-

1                   gins, by substituting ‘2023’ for ‘2016’ in  
2                   subparagraph (A)(ii) thereof.

3                   “(B) ROUNDING.—If any amount as ad-  
4                   justed under subparagraph (A) is not a multiple  
5                   of \$50, such amount shall be rounded to the  
6                   nearest multiple of \$50.

7                   “(d) ELIGIBLE INDIVIDUAL.—

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

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

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

16                  “(2) CERTAIN INDIVIDUALS NOT ELIGIBLE.—  
17                  For purposes of paragraph (1), an individual de-  
18                  scribed in any of the following provisions of this title  
19                  for the preceding taxable year shall not be treated  
20                  as an eligible individual for the taxable year:

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

24                  “(B) An individual who is a taxpayer de-  
25                  scribed in subsection (c), (d), or (e) of section

1           6402 for the immediately preceding taxable  
2           year.”.

3           (b) CLERICAL AMENDMENT.—The table of sections  
4 for subpart A of part IV of subchapter A of chapter 1  
5 of such Code is amended by inserting after the item relat-  
6 ing to section 25E the following new item:

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

7           (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to taxable years beginning after  
9 December 31, 2023.