

## ICI VIEWPOINTS

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# In Case You Missed It: “Don't Enact Financial Transaction Taxes”

The Hill has just posted [a commentary from ICI President and CEO Paul Schott Stevens](#) in which he discusses financial transaction taxes (FTTs) and why U.S. policymakers would be well-advised to avoid enacting them. An excerpt:

Some U.S. commentators have spoken admiringly of these schemes. But were the U.S. government to move ahead with an FTT, the implications for American investors would be anything but small. In the fund business, portfolio managers must transact every day—they routinely trade their portfolio securities as they invest shareholder cash, meet shareholder redemptions, and adjust their holdings. Levying an FTT will raise transaction costs on all trades, which will produce a constant drag on shareholder returns. Diminished returns make it all the harder for fund investors to achieve retirement security and other goals.

Moreover, FTTs can add double, even quadruple, levels of investor taxation. A fund investor would face being taxed when purchasing shares of a fund, taxed again as the fund puts the investor's money to work in the market, taxed yet again if the fund sells portfolio holdings to meet the investor's redemption request, and taxed a fourth time when redeeming the fund shares themselves.

Learn more about the implications of financial transaction taxes at [our resource center](#).