

[TEXT OF THE FATCA COMMENT LETTER SUBMITTED BY
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DONALD MANZULLO, MEMBERS OF CONGRESS]

September 22, 2011

The Honorable Timothy F. Geithner
Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Geithner:

We write to express our strong interest in protecting the U.S. capital markets from the irreparable damage that may be caused by excessively burdensome regulations resulting from the implementation of the Foreign Account Tax Compliance Act (FATCA).

We were pleased to see the IRS has agreed to delay FATCA withholding for one year payments of dividends and interest and for two years all other types of payments. Nevertheless, our offices continue to hear from U.S. firms who are concerned that FATCA will eventually cause foreign financial services companies to incur significant costs, likely resulting in the sale of their U.S. securities and exodus from our domestic marketplace.

FATCA's damage to our markets could appear in many forms. The most immediate impact, as foreign investors abandon our markets before 2013, could be rapidly deteriorating stock and bond prices. Any sharp drop in stock and bond prices, in turn, could impair consumer confidence. The combined effect of these results could decimate any fragile economic recovery finally taking hold in 2012. The long-term impacts could include:

- Reluctance by foreign firms to enter U.S. markets or conduct business domestically;
- Relocation of U.S. firms offshore; and
- Anemic U.S. capital markets that hurt current retirees and soon-to-be retiring individuals who may be forced to sell investments to meet retirement needs, as well as younger Americans saving for their own retirement.

In June, President Obama issued a statement that read "The United States reaffirms our open investment policy. . . . My Administration is committed to ensuring that the United States continues to be the most attractive place for businesses to locate, invest, grow, and create jobs." The President went on to state that "In the global economy, the United States faces increasing competition for the jobs and industries of the future. Taking steps to ensure that we remain the destination of choice for investors

around the world will help us win that competition and bring prosperity to our people.” This is precisely why rules like FATCA are troublesome: they threaten our nation’s ability to attract and maintain foreign investment, which is in direct contrast with the President’s stated mission.

We are fully supportive of making U.S. persons pay all taxes owed to the federal government. However, care must be taken to impose on institutions investing in our markets targeted and cost-effective burdens proportional with the derived benefits. We urge you in the strongest possible terms to keep our concerns about the U.S. capital markets foremost in mind as you draft FATCA regulations.

Sincerely,

Blaine Luetkemeyer
Member of Congress

Ron Paul
Member of Congress

John Campbell
Member of Congress

Donald Manzullo
Member of Congress