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U.S. SENATOR FOR NEBRASKA

No Capital Gains Allowance for Americans Adversaries Act

To stop subsidizing investments and boosting the economies of nations undermining American national security interests, this bill would:

- Treat capital gains on all Chinese, Russian, Belarusian, Iranian, and North Korean stocks as ordinary income. Such investments would then be ineligible for the lower capital gains tax rates.
- Eliminate the "step-up in basis" for Chinese, Russian, Belarusian, Iranian, and North Korean assets inherited at death – which reduces an heir's tax liability by ignoring gains that occurred before inheritance.
- Direct the SEC to maintain a public list of securities covered by this Act and require that sellers of covered securities disclose to customers that sales of those securities will be treated as ordinary income.

The bill defines a Chinese, Russian, Belarusian, Iranian, and North Korean Company (i.e., "country of concern" company) as any company that, as determined by criteria established by the SEC and the Department of the Treasury:

i. Is incorporated or otherwise organized in an aforementioned country of concern.
ii. Has a majority of its assets or employees located in a country of concern;
iii. is owned by, controlled by, or subject to the jurisdiction or direction of the government of a country of concern.
iv. Where a company described under subparagraphs (i), (ii), or (iii) has control, as defined under section 230,405 of title 17, Code of Federal Regulations, of the company.

It is entirely reasonable for the U.S. to provide incentives for domestic investment that are not available for certain foreign investments. According to a comparative analysis of capital gains tax rates by the Law Library of Congress, many countries have investment incentives not applicable to some foreign investments. For instance, China does provide investment incentives through its tax code, but foreign investments are eligible only with the pre-approval of the Chinese government.