

April 7, 2011



Delivery via E-mail to

Commissioner Douglas H. Shulman
Internal Revenue Service

Re: Internal Revenue Service proposed regulation—Guidance on Reporting Interest Paid to Nonresident Aliens (REG-146097-09) RIN 1545-BJ01

Dear Commissioner Shulman:

The United States Hispanic Chamber of Commerce (USHCC) is the most influential Hispanic business organization in the country, effectively communicating the needs of Hispanic enterprise to corporate America and the federal government. Through our network of more than 200 local Hispanic chambers of commerce across the United States and Puerto Rico, the USHCC represents the interests of nearly 3 million Hispanic-owned businesses that collectively earn over \$400 billion annually and play an increasingly vital and influential role in the global economy.

As a business and commerce organization, USHCC has a strong and intimate understanding of the negative impact this proposed regulation would have on our national economy, on nonresident foreign depositors, and on U.S. financial institutions.

Historically, the US Government has not taxed the interest paid on U.S. bank deposits held by nonresident foreign depositors as long as they comply with U.S. certification requirements. Additionally, U.S. banks are not required to report it to the IRS, with the exception of interest paid to nonresident Canadian depositors. Our current national policy attracts foreign investment capital, which in turn is lent out to help build communities and create jobs. The proposed regulation referenced above would create a chilling effect on the attraction of foreign deposits and the US would most assuredly experience a flight of capital from US financial institutions to banks in other countries.

This proposed reporting requirement has been unsuccessfully attempted at least twice before by the IRS. Both times the proposal received overwhelming opposition, and there is again strong bi-partisan opposition in the Congress.

Our national economy continues to struggle through difficult times. That is why the USHCC is at a loss as to why the IRS would propose such an idea that would cause the flight of capital that is being used to help businesses expand, grow, and create jobs.

IRS arguments that the rule will be used to share information with foreign governments, supports our argument over why this proposed rule is wrong. Our strongest concern in this regard is with Mexico. With the growing violence in that country and others, more money continues to flow into the US for safekeeping. Should any personal bank account information be leaked by unauthorized persons in their home governments, it poses a severe and grave threat to the personal security of the people of these countries. In the US, the unauthorized leaking of personal financial information is a major inconvenience; however, in some countries, it's a matter of life and death.

For these reasons, we respectfully request that the IRS withdraw the above-referenced proposed rule. As a champion for Hispanic-owned businesses that are a part of the backbone of the US economy, it's vital that the US continue its current policy of attracting foreign deposits that fuel economic growth.

Respectfully submitted,

Javier Palomarez
President & CEO

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