

United States Senate

WASHINGTON, DC 20510

March 30, 2022

The Honorable Joseph R. Biden
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

In light of Russia's unprovoked invasion of Ukraine, we believe the United States should consider all options to isolate Russia and make clear that there will be consequences for its actions. This should include changes to the tax relationship between the United States and Russia. Preferential tax treatment with the United States is a privilege not a right. You, and your administration, possess numerous authorities to bring additional pressure to bear on Russia with respect to taxation, and we urge you to continue to work with our allies in exploring and utilizing every means appropriate in this effort.

While there are a number of tax-related policy options to consider, we believe it important to highlight two specific actions, which can be accomplished swiftly and to great effect.

The United States has a number of agreements to facilitate the exchange of tax information to effectively administer and enforce tax laws. Specifically, the Income Tax Convention between the United States and the Russian Federation contains such tax information provisions. We do not believe it is in the interest of the United States to engage in information exchange under this Convention and urge you to consider suspending this practice. We were pleased that the United Kingdom has already taken such action, and we believe suspension of tax information exchange represents another opportunity to work closely with our allies in response to Russia's invasion.

An additional step would also be to consider suspending the entire Income Tax Convention with Russia. Suspending the tax treaty with Russia would discourage continued U.S. investment in the Russian Federation and prevent preferential tax treatment for Russian businesses and investments in the United States. Such a move would not be unprecedented; in 1986, the United States terminated a tax treaty with South Africa as part of our country's response to apartheid. And on the eve of World War II, President Roosevelt unilaterally suspended the International Load Line Convention given the country's unique foreign policy position at the time. Even President George Washington suspended the Franco-American Treaty of Alliance, one of the most important treaties in our nation's history, in the wake of the French Revolution. Given the unique foreign policy crisis presented by Russia's invasion, it is within the rights of the United States to suspend our tax treaty until adherence to the treaty returns to the orbit of our national interest.

We fully support the sanctions that have been imposed to isolate Vladimir Putin's war machine and degrade the engine that finances Russia's hostilities. However, as Russia escalates its aggression and disregards the lives of innocents, the United States must continue to explore new ways to pressure Moscow and utilize every tool in our tool box. Opportunities to do so exist in the options we have highlighted, and we urge your consideration of these options as you continue to coordinate our response with our allies. Thank you for your consideration of this request.

Sincerely,



Rob Portman
United States Senator



Benjamin L. Cardin
United States Senator

cc: The Honorable Janet Yellen