

October 14, 2021

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, D.C. 20001

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20001

Re: Opposition to New Tax Information Reporting Proposal

Dear Speaker Pelosi, Majority Leader Schumer, Minority Leader McCarthy and Minority Leader McConnell:

The undersigned associations representing a cross-section of financial and business interests write to express our strong opposition to the proposed new tax information reporting regime as described by the Department of Treasury, that would impact almost every American who has an account at a financial institution. The proposal will require providers of financial services to track and submit to the IRS information on the inflows and outflows of every account above a de minimis threshold of \$600 during the year. Intended to help the IRS target wealthy tax dodgers, the unintended consequence is the overly broad proposal will directly impact almost every American and small business with an account at a financial institution.

Lawmakers must fully understand the breadth of taxpayers who would be receiving a new form from their financial institution – almost every American who has a bank or credit union account and has gross inflow and outflow of at least \$600. While recent proposals suggest that increasing the de minimis threshold to \$10,000 is less objectionable, this is a flawed assumption and will not significantly reduce the scale of this new IRS program.

As we mentioned in our previous letter, this proposal would create serious financial privacy concerns, increase tax preparation costs for individuals and small businesses, and create significant operational challenges for financial institutions. The recent reports highlight avenues that Congressional leaders are looking to “soften the edges” of the new regime, by exempting some payment processors, providing support to institutions to aid processing, or carving out certain types of flows all together (i.e. mortgage payments, etc.).

These new proposed exceptions only add significant operational complexity for financial institutions and will not materially reduce the tens of millions of American taxpayers who would be captured by the new reporting regime. We continue to urge members to oppose any efforts to advance this ill-advised new reporting regime.

The privacy concerns for Americans are real and should not be taken lightly. The IRS is not impervious to being hacked and has suffered massive data breaches in the recent past where the

personal information of taxpayers was stolen. According to the Treasury Department, they only plan to use the data to increase the audits for those who make over \$400,000 a year.¹ The likely question of any American taxpayer making less than that is: Why does the IRS need my account information if they aren't going to use it?

We believe that this program is costly for all parties, not fit for purpose, and loaded with the potential for unintended and serious negative consequences. As associations representing a broad cross-section of financial and business interests, we urge you to oppose any efforts to institute this new reporting regime. For more information regarding the impact this proposal would have on consumers and financial institutions, please see the attached "Charge & Response" document.

Sincerely,

Consumer Bankers Association
International Franchise Association
National Small Business Association
Independent Community Bankers of America
National Association of REALTORS
Air Conditioning Contractors of America
Small Business & Entrepreneurship Council
American Bankers Association
Independent Insurance Agents & Brokers of America
National Stone, Sand & Gravel Association
Credit Union National Association
Main Street Employers Coalition
American Hotel & Lodging Association
National Association of Federally-Insured Credit Unions
Commercial Food Equipment Service Association
Energy Marketers of America
Financial Executives International
Global Cold Chain Alliance
ACA International
Decorative Hardwoods Association
The Brick Industry Association
National Association of Professional Insurance Agents
Pet Industry Distributors Association
Independent Electrical Contractors
Securities Industries and Financial Markets Association
Saturation Mailers Coalition
National Association for the Self-Employed
Specialty Equipment Market Association (SEMA)
American Land Title Association
The Payroll Group
Manufactured Housing Institute

¹ <https://home.treasury.gov/news/featured-stories/the-case-for-a-robust-attack-on-the-tax-gap>

United Fresh Produce Association
Family Business Coalition
Heating, Air-conditioning, & Refrigeration Distributors International
National Electrical Manufacturers Representatives Association
Subchapter S Bank Association
Hardwood Federation
National Association of Insurance and Financial Advisors
National Grocers Association
Promotional Products Association International
American Supply Association
Associated Builders & Contractors
National Fastener Distributors Association
Asian American Hotel Owners Association
American Financial Services Association
American Mold Builders Association
National Tooling and Machining Association
North American Die Casting Association
Policy Taxation Group
Precision Machined Products Association
Financial Executives International
Precision Metalforming Association
Specialty Tools & Fasteners Distributors Association
Auto Care Association
Gases and Welding Distributors Association
Agricultural Retailers Association
Innovative Lending Platform Association
Metal Service Center Institute
International Warehouse Logistics Association
National Association of Wholesaler-Distributors
Associated Equipment Distributors
Plumbing-Heating-Cooling Contractors—National Association
Portland Cement Association
Innovative Payments Association
Institute of Scrap Recycling Industries, Inc.
American Hotel & Lodging Association
National Association of Independent Life Brokerage Agencies
Mid-Size Bank Coalition of America
National Marine Distributors Association
Outdoor Power and Engine Service Association
Tire Industry Association

cc: Members of the U.S. House of Representatives
Members of the U.S. Senate