

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. 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

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 subjected to 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,

Agricultural Retailers Association
Air Conditioning Contractors of America
American Bankers Association
American Farm Bureau Federation
American Financial Services Association
American Hotel & Lodging Association
American Land Title Association
American Lighting Association
American Mold Builders Association
American Rental Association
American Sheep Industry Association
American Supply Association
America's SBDC
Asian American Hotel Owners Association
Associated Builders & Contractors
Associated Equipment Distributors
Auto Care Association
ACA International
Commercial Food Equipment Service Association
Community Development Bankers Association
Consumer Bankers Association
Convenience Distribution Association
Credit Union National Association
Decorative Hardwoods Association
Electronic Transactions Association
Energy Marketers of America
Family Business Coalition
Financial Executives International
Foodservice Equipment Distributors Association
Gases and Welding Distributors Association
Global Cold Chain Alliance

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

Hardwood Federation
Heating, Air-conditioning, & Refrigeration Distributors International
Independent Community Bankers of America
Independent Electrical Contractors
Independent Insurance Agents & Brokers of America
Industrial Fasteners Institute
Innovative Lending Platform Association
Innovative Payments Association
Institute of Scrap Recycling Industries, Inc.
International Franchise Association
International Warehouse Logistics Association
Main Street Employers Coalition
Manufacturer & Business Association
Manufactured Housing Institute
Metals Service Center Institute
Mid-Size Bank Coalition of America
Mortgage Bankers Association
National Association for the Self-Employed
National Association of Electrical Distributors
National Association of Federally-Insured Credit Unions
National Association of Independent Life Brokerage Agencies
National Association of Industrial Bankers
National Association of Insurance and Financial Advisors
National Association of Professional Insurance Agents
National Association of REALTORS
National Association of Wholesaler-Distributors
National Bankers Association
National Beer Wholesalers Association
National Cattlemen's Beef Association
National Community Pharmacists Association
National Cotton Council
National Electrical Contractors Association
National Electrical Manufacturers Representatives Association
National Fastener Distributors Association
National Federation of Independent Business
National Grain and Feed Association
National Grocers Association
National Independent Automobile Dealers Association
National Marine Distributors Association
National RV Dealers Assoc
National Small Business Association
National Stone, Sand & Gravel Association
National Tooling and Machining Association
North American Association of Food Equipment Manufacturers
North American Die Casting Association
North American Millers' Association

Outdoor Power and Engine Service Association
Pacific-West Fastener Association
Pet Food Institute
Pet Industry Distributors Association
Petroleum Equipment Institute
Plumbing-Heating-Cooling Contractors—National Association
Policy Taxation Group
Portland Cement Association
Precision Machined Products Association
Precision Metalforming Association
Promotional Products Association International
Saturation Mailers Coalition
Securities Industries and Financial Markets Association
Small Business Council of America
Small Business & Entrepreneurship Council
Small Business Legislative Council
Southwest Council of Agribusiness
Specialty Equipment Market Association
Specialty Tools & Fasteners Distributors Association
Subchapter S Bank Association
Texas Bankers Association
The Brick Industry Association
The Payroll Group
Tile Roofing Industry Alliance
Tire Industry Association
United Fresh Produce Association
USA Rice
U.S. Chamber of Commerce

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