

September 17, 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

Re: Opposition to New Tax Information Reporting Proposal

Dear Speaker Pelosi and Minority Leader McCarthy:

The undersigned associations representing a cross-section of financial and business interests write to express our strong opposition to a proposal under consideration as part of the reconciliation package that would establish an expansive new tax information reporting regime that would directly impact almost every American and small business with an account at a financial institution. This proposal would create significant operational and reputational challenges for financial institutions, increase tax preparation costs for individuals and small businesses, and create serious financial privacy concerns. We urge members to oppose any efforts to advance this ill-advised new reporting regime.

This proposal, as described by the Department of Treasury, would require financial institutions and other 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, including breakdowns for cash. **While the stated goal of this vast data collection is to uncover tax dodging by the wealthy, this proposal is not remotely targeted to that purpose or that population. In addition to the significant privacy concerns, it would create tremendous liability for all affected parties by requiring the collection of financial information for nearly every American without proper explanation of how the IRS will store, protect, and use this enormous trove of personal financial information.** We believe that this program is costly for all parties, not fit for purpose, and loaded with potential for unintended and serious negative consequences.

The fact that raw data exists somewhere in a system does not mean it is easily compiled or produced. For taxpayers, both individuals and small businesses, the complexity of collecting this information will be invisible, but when tax season arrives, they will face an IRS with vast new data sets to mine, and new questions about account activity that may have no obvious connection to tax liability. Taxpayer confusion and tax preparation costs will increase.

Privacy concerns are cited as one of the top reasons why individuals choose not to open financial accounts and participate in the financial system. This proposal would almost certainly undermine efforts to reach vulnerable populations and unbanked households. In addition to the significant challenges associated with protecting this new data, policymakers should consider the potential consequences of leveraging trusted financial relationships to execute such a large-scale and detailed reporting regime. The American people feel strongly about their

right to privacy and it is not reasonable to undermine their financial privacy without a clearly articulated purpose.

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.

Sincerely,

Consumer Bankers Association
American Bankers Association
SIFMA
Independent Community Bankers of America
Air Conditioning Contractors of America (ACCA)
National Association for the Self-Employed
Global Cold Chain Alliance
Specialty Equipment Market Association (SEMA)
ACA International
Independent Insurance Agents & Brokers of America
Independent Electrical Contractors (IEC)
AICC, The Independent Packaging Association
National Stone, Sand & Gravel Association
Credit Union National Association
Electronic Transactions Association
Southwest Cable Communications Association
National Independent Automobile Dealers Association
Decorative Hardwoods Association
Energy Marketers of America
Brick Industry Association
Pet Industry Distributors Association
National Association of Professional Insurance Agents
American Financial Services Association
Community Development Bankers Association
Commercial Food Equipment Service Association
Innovative Lending Platform Association
National Bankers Association
National Association of Federally-Insured Credit Unions
American Land Title Association
Auto Care Association
International Franchise Association
Promotional Products Association International
Mortgage Bankers Association
America's SBDC
Mid-Size Bank Coalition of America (MBCA)
Manufactured Housing Institute

National RV Dealers Association
National Federation of Independent Business (NFIB)
American Hotel & Lodging Association (AHLA)
National Association for Surface Finishing
National Association of REALTORS®

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