

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.<sup>1</sup> 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

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<sup>1</sup> <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