

October 25, 2021

President Joseph R. Biden
The White House
1600 Pennsylvania Ave. NW
Washington D.C. 20500

Dear President Biden:

The undersigned organizations representing a cross-section of business and financial interests write to reiterate our strong opposition to the new tax information reporting regime proposed by the Department of Treasury and under consideration by Congress as part of the proposed reconciliation spending package. We respectfully request that this proposal be withdrawn from further consideration, and the administration consider more targeted measures to reduce the tax gap.

Our member companies understand that this proposal is a good-faith attempt by your administration to ensure all taxpayers meet their tax obligations, and we strongly support that goal. However, our members, and the American people, believe that they have a reasonable right to privacy and this overly broad proposal to report gross annual inflows and outflows from nearly every account is disconnected from its purported narrow purpose of focusing government scrutiny on Americans with actual income above \$400,000.

This week the Department of Treasury and congressional supporters finally acknowledged the program was far too expansive but, according to media reports, made only cosmetic changes by increasing the de minimis threshold to \$10,000 and excluding wages and government benefits from that calculation. As we have stated in several previous letters, these changes fail to address the reality that any program based on gross annual inflows and outflows will impact Americans from all income levels. Even with the proposed exclusions of certain types of income, a large number of common and totally innocent transactions by individuals and small businesses will be captured by this new regime.

The privacy concerns for Americans who pay their taxes and would be swept into this account reporting program are real and should not be taken lightly. Financial institutions are already facing difficult customer questions about this proposal. According to the Department of Treasury, it only plans to use the data to increase audits for those who make over \$400,000 a year. 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?

At its core, this program that has not had a significant study or detailed examination to show consumer impact, will collect financial "metadata" on nearly every American in the hope that the IRS will be able to discern patterns in aggregate numbers that do not correspond to tax liabilities and target audits only to those who are breaking the law. This is a substantial expansion of the IRS's authority that, once established, is sure to expand rather than roll back.

We strongly urge the Administration to withdraw this reporting regime and consider how the IRS can use its existing authorities to directly focus on those taxpayers suspected of evading their taxes instead of casting such a wide net.

Thank you for considering our perspective, and we stand ready to provide more details on our specific concerns at any time.

Sincerely,

ACA International
Agricultural Retailers Association
AICC, The Independent Packaging Association
Air Conditioning Contractors of America
American Farm Bureau Federation
American Bankers Association
American Council of Engineering Companies
American Financial Services Association
American Hotel & Lodging Association
American Land Title Association
American Lighting Association
American Mold Builders Association
American Rental Association
America's SBDC
Angel Capital Association
Asian American Hotel Owners Association
Associated Builders and Contractors
Associated Equipment Distributors
Auto Care Association
Commercial Food Equipment Service Association
Community Development Bankers Association
Construction Industry Round Table
Consumer Bankers Association
Convenience Distribution Association
Credit Union National Association
Decorative Hardwoods Association
Energy Marketers of America
Family Business Coalition
Financial Executives International
Gases and Welding Distributors Association
Global Cold Chain Alliance
Hardwood Federation
Heating, Air-conditioning, & Refrigeration Distributors International
ICSC
Independent Bakers Association
Independent Community Bankers of America
Independent Electrical Contractors
Independent Insurance Agents & Brokers of America

Independent Lubricant Manufacturers Association
Industrial Fasteners Institute
Innovative Lending Platform Association
Innovative Payments Association
Institute of Scrap Recycling Industries
International Foodservice Distributors Association
International Franchise Association
International Warehouse Logistics Association
Main Street Employers
Manufactured Housing Institute
Metals Service Center Institute
Mid-Sized Bank Coalition of America
Mortgage Bankers Association
Motor & Equipment Manufacturers Association
National Association for the Self-Employed
National Association of Chemical Distributors
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 Sporting Goods Wholesalers
National Association of Wholesaler-Distributors
National Bankers Association
National Beer Wholesalers Association
National Community Pharmacists Association
National Cotton Council
National Electrical Manufacturers Representatives Association
National Federation of Independent Business
National Grocers Association
National Independent Auto Dealers Association
National Marine Distributors Association
National Ready Mixed Concrete Association
National Roofing Contractors Association
National RV Dealers Association
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
Outdoor Power Equipment and Engine Service Association

Pet Industry Distributors Association
Petroleum Equipment Institute
Plumbing-Heating-Cooling Contractors—National Association
Policy and Taxation Group
Precision Machined Products Association
Precision Metalforming Association
Private Investor Coalition
Promotional Products Association International
S Corporation Association
Small Business & Entrepreneurship Council
Specialty Equipment Market Association
Subchapter S Bank Association
The Payroll Group
The Society of American Florists
Tile Roofing Industry Alliance
Tire Industry Association
Truck Renting and Leasing Association
U.S. Chamber of Commerce