



October 26, 2021

The Honorable Tim Scott
U.S. Senate
104 Hart Senate Office Building
Washington, D.C., 20510

Dear Senator Scott:

On behalf of the Consumer Bankers Association (“CBA”), I write to express our support for S. 3056, the Prohibiting IRS Financial Surveillance Act. This bill is vitally important as lawmakers continue to deliberate proposals that would require banks to provide the IRS with details and data on the accounts of customers who deposit or withdrawal \$600 annually. Congress must understand that nearly every bank account holder 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.

The proposal would create serious financial privacy concerns, increase tax preparation costs for individuals and small businesses, and create significant operational challenges for financial institutions. Recent proposals suggest that increasing the de minimis threshold to \$10,000 is less objectionable, we disagree with this approach. We believe that the new proposed exceptions (certain income from wages or federal programs like Social Security) to “soften the edges” 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.

Furthermore, CBA believes the privacy concerns for Americans are real and should not be taken lightly. The IRS is not immune 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. 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?

CBA believes that this program is costly for all parties and loaded with the potential for unintended and serious negative consequences. Thank you for your continued leadership on the issue and we look forward to working with you to pass this important piece of legislation.

Sincerely,

A handwritten signature in black ink that reads "Richard Hunt". The signature is fluid and cursive.

Richard Hunt
President and CEO

Cc: Members of the U.S. Senate