



3138 10th Street North
Arlington, VA 22201-2149
703.522.4770 | 800.336.4644
f: 703.524.1082
nafcu@nafcu.org | nafcu.org

National Association of Federally-Insured Credit Unions

October 20, 2021

The Honorable Tim Scott
U.S. Senate
Washington, DC 20510

Re: Support for the *Prohibiting IRS Financial Surveillance Act*

Dear Senator Scott:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to express our support for the *Prohibiting IRS Financial Surveillance Act*. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 127 million consumers with personal and small business financial service products.

NAFCU remains opposed to the provision in the fiscal year 2022 (FY 2022) Budget Resolution that proposes a new reporting requirement on financial institutions for account inflow and outflow information of American taxpayers to the Internal Revenue Service (IRS) for accounts with \$10,000 in transactions. The newly proposed modifications fail to address the core problems with this provision and do not improve it for credit unions. We strongly urge Congress to not include any language enacting this provision in the *Build Back Better Act*. The *Prohibiting IRS Financial Surveillance Act* would prohibit the IRS from enacting this invasion of privacy into countless Americans' daily lives. Financial institutions already face a robust reporting regime for financial transactions, such as 1099s, Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs). At any threshold, requiring credit unions to report on gross inflows and outflows of accounts poses regulatory costs and challenges while threatening to reduce participation in financial services and invade the privacy of hundreds of millions.

While we support efforts to increase taxpayer compliance, we do not believe adding untested reporting requirements to an already heavily regulated industry is the answer. Instead, we would encourage Congress and the Administration to seek better solutions for taxpayer compliance, such as increased funding and support for IRS improvements. We remain committed to working with you in that effort.

We thank you for introducing this critical legislation to protect both the banking system and consumers from a burdensome reporting regime. Should you have any questions or require any additional information, please contact me or Lewis Plush, NAFCU's Associate Director of Legislative Affairs, at 703-842-2261.

Sincerely,

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs
Members of the Senate Committee on Finance