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National Association of Federally-Insured Credit Unions

October 18, 2021

The Honorable Drew Ferguson
U.S. House of Representatives
Washington, DC 20515

Re: *The Prohibiting IRS Financial Surveillance Act*

Dear Representative Ferguson:

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 as little as \$600 in transactions. 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 House Ways and Means Committee