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National Association of Federally-Insured Credit Unions

August 17, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Re: New Account Reporting Requirements in Fiscal Year 2022 Budget Resolution

Dear Speaker Pelosi and Leader McCarthy:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to express our concern over a provision in the Senate-passed 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). NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 125 million consumers with personal and small business financial service products.

NAFCU has serious concerns about this proposed reporting requirement. We believe that requiring credit unions and other financial institutions to report on gross inflows and outflows for all accounts above \$600 annually (as proposed by the Administration) stands to pose more costs and burdens on community institutions with uncertain returns. Financial institutions such as credit unions already face a wide range of reporting responsibilities (Forms 1099, 1098, Suspicious Activity Reports, Currency Transaction Reports, and more), not to mention a number of regulatory compliance burdens. We cannot support adding another new reporting requirement, especially without greater analysis and study of its efficacy. Any new requirement stands to require significant development costs and process additions for credit unions as well as reconciliation and compliance burdens on their members.

Additionally, such a widespread reporting requirement also raises privacy concerns for credit unions and their members. The IRS is already being challenged to handle the problems associated with identity theft and false tax returns filed to claim refunds, not to mention leaks of some taxpayer information. The collection of this additional data is only likely to aggravate the problem of identity theft and taxpayer privacy in the current environment.

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.

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In the meantime, we urge the House to remove this troublesome provision from the Budget Resolution and reject its inclusion in any future legislative effort. We thank you for the opportunity to share our thoughts on your amendment. 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,

A handwritten signature in cursive script that reads "Brad Thaler".

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the United States House of Representatives