Dear Members of Congress:

The undersigned organizations write in opposition to the proposed new reporting regime to have the IRS collect the account inflows and outflows for bank, loan, and investment accounts as well as Venmo, CashApp, and PayPal accounts. The Biden administration has proposed subjecting every account exceeding gross inflows and outflows of $600 to this proposal while Senate Democrats have suggested a threshold of $10,000. Either way millions of working-class families including many making less than $400,000 per year will be impacted by this proposal.

This proposal is part of President Biden’s plan to give the IRS $80 billion in new funding over the next decade and hire 87,000 new IRS agents. While Democrats claim they want to go after “the rich” and large corporations, this new reporting regime suggests they will target and harass middle class families and small and medium sized businesses.

Moreover, the reporting requirements impose a burden on banks, the cost of which will be passed on to their customers. It is likely that this cost will be borne most by those at the margin of the banking system, some of whom will be forced out of the system to join the ranks of the underbanked and unbanked.

There are also significant potential privacy violations with this new proposal. The plan could put the data security and personal information of taxpayers at risk at a time that the IRS has repeatedly proven it cannot safeguard taxpayer data.

Several months ago, ProPublica announced that it had the tax returns of thousands of taxpayers stretching back 15 years. This sensitive taxpayer data was either obtained through an unauthorized leak by an IRS employee or through a data breach – either way the IRS failed to safeguard taxpayer information.

Unfortunately, this is not an isolated incident. For decades, the IRS has proven incapable of protecting taxpayer data and acting in an impartial way. The IRS has had multiple, serious security breaches, has had employees leak sensitive taxpayer information to the public, and the agency has been caught discriminating against organizations and taxpayers for political gain.
This malfeasance even extends to existing financial reporting. A 2017 Treasury Inspector General for Tax Administration (TIGTA) report found that the IRS routinely skirted or ignored due process requirements when investigating taxpayers for violating the $10,000 currency transaction requirements that exist under the Bank Secrecy Act. The IRS Criminal Investigations Division (IRS-CI) utilized this reporting to investigate taxpayers that they suspected may be violating the law.

TIGTA found that most of these investigations were fishing expeditions – just 8 percent of taxpayers investigated were found to have broken the law. Instead, the inspector general uncovered numerous examples of IRS overreach including violations of the Eighth Amendment and failure to provide the taxpayer of their basic rights including considering reasonable explanations for exceeding the threshold, providing the purpose of the interview, proper agent identification, and that a seizure of their property took place.

The IRS has a long record of failing to do its job and targeting and harassing taxpayers. This proposed new financial reporting regime would provide another way for the agency to target taxpayers or lead to taxpayer data being leaked or stolen. Lawmakers should stand with taxpayers and reject this proposal.

Sincerely,

Grover Norquist
President, Americans for Tax Reform

Lisa B. Nelson
CEO, ALEC Action

Bob Carlstrom
President, AMAC Action

Dick Patten
President, American Business Defense Council

Phil Kerpen
President, American Commitment

Brent Wm. Gardner
Chief Government Affairs Officer, Americans for Prosperity
Ryan Ellis  
President, Center for a Free Economy  

Jeffrey Mazzella  
President, Center for Individual Freedom  

Andrew F. Quinlan  
President, Center for Freedom and Prosperity  

Tom Schatz  
President, Citizens Against Government Waste  

Iain Murray  
Vice President for Strategy, Competitive Enterprise Institute  

Matthew Kandrach  
President, Consumer Action for a Strong Economy  

David McIntosh  
President, Club for Growth  

Katie McAuliffe  
Executive Director, Digital Liberty  

Jeremy Cerone  
CEO, EliteSafe Inc.  

Adam Brandon  
President, FreedomWorks  

George Landrith  
President, Frontiers of Freedom  

Garrett Bess  
Vice President, Heritage Action for America  

Jon Caldara  
President, Independence Institute  

Carrie Lukas  
President, Independent Women's Forum  

Heather R. Higgins  
CEO, Independent Women's Voice  

Andrew Langer  
President, Institute for Liberty
Tom Giovanetti  
President, Institute for Policy Innovation

Seton Motley  
President, Less Government

Charles Sauer  
President, Market Institute

Pete Sepp  
President, National Taxpayers Union

Keith Erf  
New Hampshire State Representative (Hillsborough 2)

David Miller  
Southwest Ohio Center Right Chair

Brandon Dutcher  
Senior Vice President, Oklahoma Council of Public Affairs

Tom Hebert  
Executive Director, Open Competition Center

Bryan Bashur  
Executive Director, Shareholder Advocacy Forum

Saulius “Saul” Anuzis  
President, 60 Plus Association

Jim Martin  
Founder/Chairman, 60 Plus Association

Lorenzo Montanari  
Executive Director, Property Rights Alliance

Karen Kerrigan  
President & CEO, Small Business & Entrepreneurship Council

David Williams  
President, Taxpayers Protection Alliance

Kevin Roberts  
CEO, Texas Public Policy Foundation