



October 18, 2021

The Honorable Drew Ferguson
1032 Longworth House Office Building
Washington, D.C. 20515

Dear Representative Ferguson:

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, I write to thank you and your colleagues for introducing the Prohibiting IRS Financial Surveillance Act and to offer NTU's endorsement of this bill. It is critically important that Congress avoid enacting an IRS bank reporting regime that raises significant privacy concerns for tens of millions of American taxpayers and businesses.

NTU Foundation's Joe Bishop-Henchman has previously written that a bank reporting threshold of either \$600 per year in gross inflows and outflows *or* \$10,000 per year in gross flows would ensnare most Americans in IRS monitoring of their financial activity. As Bishop-Henchman wrote:

“The median small business has inflow and outflow of \$755 a day, so they'll hit \$10,000 in about two weeks. The median checking account balance in the U.S. is \$3,400 at any one time, and based on the rule of thumb that your balance should be one to two months' worth of expenses, that's \$20,000 of inflow and \$20,000 of outflow minimum for most Americans.”¹

While the Biden administration claims the reporting requirement is intended to target only large corporations and wealthy taxpayers, there are several reasons to believe otherwise. Recent reporting indicates that the Biden administration estimates a \$10,000 bank reporting threshold will allow Treasury to raise \$200 billion to \$250 billion over the next 10 years.² This is \$210 billion to \$260 billion less than the administration estimates it can collect from a \$600 bank reporting threshold.³ The implicit admission from the administration here is that, unless they believe billionaires and wealthy corporations cheat significantly on their taxes with bank accounts ranging in gross flows of \$600 to \$10,000 per year, a \$600 reporting threshold would lead to the IRS collecting significant amounts of revenue from low- and middle-income taxpayers and small businesses. This should be unacceptable to lawmakers, banks, and the nation's taxpayers, and indeed many affected parties have raised major privacy and due process concerns with the bank reporting proposal at any threshold.⁴

¹ Bishop-Henchman, Joe. “How Many Americans Will Be Subject to the New Tax Reporting on Bank Accounts?” NTU Foundation, September 30, 2021. Retrieved from:

<https://www.ntu.org/foundation/detail/how-many-americans-will-be-subject-to-the-new-tax-reporting-on-bank-accounts>

² Kelly, Kate; and Rappeport, Alan. “Biden's Proposal to Empower I.R.S. Rattles Banks and Their Customers.” *The New York Times*, October 11, 2021. Retrieved from: <https://www.nytimes.com/2021/10/11/business/irs-bank-accounts.html> (Accessed October 18, 2021.)

³ *Ibid.*

⁴ American Bankers Association. “Re: Opposition to New Tax Information Reporting Proposal.” October 14, 2021. Retrieved from: <https://abouttax.com/Z3L> (Accessed October 18, 2021.)

In short, bank reporting proposals from the Biden administration and members of Congress threaten the privacy and due process rights of countless Americans. The Prohibiting IRS Financial Surveillance Act would oppose this threat, and we encourage all members of Congress to support this bill.

Sincerely,

Andrew Lautz
Director of Federal Policy

CC: The Honorable Kevin Brady, Ranking Member, House Committee on Ways and Means
The Honorable Vern Buchanan
The Honorable Tom Rice
The Honorable Jackie Walorski
The Honorable Jodey Arrington
The Honorable Kevin Hern
The Honorable Carol Miller