

October 18, 2021

United States Representative
Washington, DC 20510

Dear Virginia Representative,

As the dedicated champion of almost 800 business members in Clarke County, Frederick County, and the City of Winchester, Virginia, The Top of Virginia Regional Chamber is writing to express our strong concerns about a proposed plan regarding Internal Revenue Service (IRS) reporting. The current presidential administration's proposal to require increased reporting by financial institutions to **the IRS for transactions of both business and personal accounts** is an unprecedented invasion of privacy.

The initial proposal requires financial service companies to track and submit inflows and outflows from bank accounts above a minimum threshold of \$600 during a year to the IRS, including breakdowns for cash. Regardless of the ultimate threshold, this initiative would capture far more data than necessary to accomplish its goals. Furthermore, it wouldn't capture the information the IRS needs to readily identify tax mistakes or misdeeds. Instead, the information would only suggest possible situations in which taxpayers had underreported or unreported income, making this a fishing expedition with a huge price tag. Not only would it invade privacy, but it would also increase costs at every level, especially to businesses, and for what benefit?

Letting the IRS invade the privacy of millions of businesses by monitoring bank accounts without just cause is only the tip of the iceberg. According to the administration's proposal, banks would have to report all deposits and withdrawals to the IRS, information that is not relevant to tax filings. This proposal will give the average taxpayer and business owner more forms and data to sort and evaluate as they share even more personal data with the government. As a result, tax filing will become much more complicated for the majority of Americans, as well as costlier. Simplification of tax filing, not complication, should be the administration's goal.

We are also concerned about the safety of the collected information from data breaches and hacks. Various media reports and incidents of confidential tax return leaks show that the IRS cannot be trusted to safeguard this sort of sensitive information. It is also unreasonable to force banks to police these accounts for the IRS. Banks should only collect personal financial data for the purpose of serving their customers. Government overreach is likely to drive individuals out of the banking system to shield their privacy, making them less likely to open a bank account and undermine efforts to include vulnerable populations and unbanked households.

This proposal is government overreach at its worst. As a representative of the Commonwealth of Virginia business community, we are adamantly opposed to the IRS capturing this personal information without consent. Instead, the IRS should look for other ways to close the tax gap and offset the latest expansive social policy bill.

We are asking your support to stand up for businesses in Virginia and oppose this proposal.

Sincerely,



Cynthia Schneider
CEO, Top of Virginia Regional Chamber of Commerce