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August 24, 2021

Dear Members of the Virginia Congressional Delegation:

On behalf of Virginia’s credit unions, I am writing to you asking that you support removing a provision from the Senate’s Fiscal Year 2022 Budget Resolution proposing that financial institutions be required to report significant amounts of aggregate data to the IRS through an expanded Form 1099-INT. The proposal is so broad, with a de minimis exception so low ($600), that most accounts and accountholders will be subject to reporting. Credit unions and banks would be required under the proposal to annually report *gross* inflows and outflows of accounts (both businesses and individuals) with a breakdown for cash, transactions with a foreign account, and *transfers to and from another account with the same owner.* This is truly an all-encompassing proposal.

Credit unions have long been good corporate citizens and diligently follow the Treasury’s Bank Secrecy Act (BSA) and Office of Foreign Assets Control (OFAC) requirements. We routinely file Currency Transaction Reports (CTRs), Suspicious Activity Reports (SARs), and compare our account listings to those maintained by OFAC. Further expansion of tracking of money flows and reporting will come at great cost to our credit unions (programming and compliance), and in particular will harm our smaller institutions. Additionally, we have concerns that there could be data security and privacy implications for credit unions and their members. The IRS has widely reported the associated identity theft and false tax returns filed to claim refunds, and there have even been leaks of taxpayer information.

While we support the goals behind the legislation, we believe that better tax compliance to pay for infrastructure investments can be better achieved through IRS using its existing authority to audit. We ask you to look at other solutions to achieve this goal.

Sincerely,

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Carrie R. Hunt

President/CEO