

Congress of the United States
Washington, DC 20515

December 6, 2021

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury

Thomas A. Barthold
Chief of Staff
Joint Committee on Taxation

Dear Secretary Yellen and Mr. Barthold,

We write today to request that the Treasury Department's Office of Tax Analysis and the Joint Committee on Taxation ("JCT") each provide Congress with an updated revenue estimate for the proposed financial account information reporting regime. We continue to have serious concerns about privacy and data security and believe Democrats still intend to grant the IRS authority to monitor Americans' personal finances. Granting such authority at any threshold would be too broad and have unintended consequences like pushing households out of the banking system.

The original proposal, "Comprehensive Financial Account Reporting to Improve Tax Compliance," was included in Treasury's "General Explanations of the Administration's Fiscal Year 2022 Revenue Proposals."¹ This new reporting regime would require financial institutions to report data on all business and personal accounts ... "including bank, loan, and investment accounts, with the exception of accounts below a low de minimis gross flow threshold of \$600." Subsequently, Treasury released a fact sheet in October that modified its proposal by increasing the \$600 threshold to \$10,000, among other changes.²

Treasury's Office of Tax Analysis estimated that "the increase in compliance that would result from this new reporting regime [with a de minimis gross flow threshold of \$600] is estimated to raise \$460 billion over the next decade."³ However, a memo by the nonpartisan Joint Committee on Taxation estimates that the proposal would only "raise \$206 billion over the 2022-31 budget window." Treasury's rosy projections more than double those from the JCT and raise questions about the accuracy and reliability of the Administration's own estimates for how much revenue this new reporting regime would raise.

¹ <https://home.treasury.gov/system/files/131/General-Explanations-FY2022.pdf>

² <https://home.treasury.gov/news/press-releases/jy0415>

³ <https://home.treasury.gov/system/files/136/The-American-Families-Plan-Tax-Compliance-Agenda.pdf>

As Congress continues to consider what may be the largest spending package in American history, it is vital that both lawmakers and the public understand how it will be paid for. To date, Treasury has not made public any information or legislative text about its “revised approach” to the proposal beyond the October fact sheet, nor has it provided an updated estimate based on the revisions.

Therefore, we request that Treasury’s Office of Tax Analysis and the JCT each provide to Congress within 30 days with an updated revenue estimate based on the updated financial account information reporting proposal with the de minimis gross flow threshold of \$10,000. We also request a detailed explanation for how the revenue estimate was calculated and what formulas, variables, and assumptions were used, as well as how Treasury’s exemption for wage and salary earners and federal program beneficiaries impacts the calculation.

Sincerely,



French Hill
Member of Congress



Bryan Steil
Member of Congress

cc: The Honorable Richard E. Neal, Chairman, House Committee on Ways and Means
The Honorable Kevin Brady, Ranking Member, House Committee on Ways and Means
The Honorable Ron Wyden, Chairman, Senate Committee on Finance
The Honorable Mike Crapo, Ranking Member, Senate Committee on Finance