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July 26, 2021

The Honorable Mike Crapo
United States Senate
239 Dirksen Building
Washington, DC 20510

Dear Senator Crapo,

On behalf of the Credit Union National Association (CUNA), I am writing to strongly support your proposed amendment to the fiscal year 2022 Senate Budget Resolution that would block expanding taxpayer information reporting requirements on financial institutions. CUNA represents America's credit unions and their 120 million members.

In an effort aimed at increasing taxpayer compliance, the Administration has proposed that financial institutions be required to report additional account holder information in an enhanced annual I.R.S. Form 1099-INT. Banks, credit unions, and other entities would be required to annually report to the IRS the gross inflows and outflows of account holders (businesses and individuals) with a breakdown for cash, transactions with a foreign account, and transfers to and from another account with the same owner.

CUNA remains concerned about the effect this proposed new requirement will have on credit unions. Privacy and data security are paramount issues. Whether it is the massive data breach at the federal Office of Personnel Management in 2014 or this year's IRS leak of federal tax returns of many wealthy Americans, CUNA remains doubtful that such data will be safe and private.

Also, smaller credit unions would be especially burdened by this new proposal. From the increased costs of software upgrades to staff training, smaller institutions would perhaps need financial resources and additional time for implementation to meet new requirements.

CUNA also has concerns about how the proposal will affect accounts that are comingled with business and personal funds, as well as how jointly held accounts would be treated.

CUNA also wants to avoid any intended consequences that may arise from the Administration's proposal. For example, the Foreign Account Tax Compliance Act of 2010 placed similar burdensome reporting requirements on financial institutions. In response, many Americans overseas were unable to obtain or lost access to the banking system as many financial institutions were unwilling or unable to meet the requirements of that law. CUNA believes that any future account reporting requirements be subject to rigorous and lengthy review and study.

Credit unions and other financial institutions already churn out many federal tax information reporting forms. This new requirement further puts credit unions in the position of further policing their members and account holders. CUNA believes that better that better tax compliance can be achieved through other means such as the IRS using its existing audit authority.

CUNA has significant concerns about this proposed new compliance burden. On behalf of credit unions and their millions of members, thank you for your efforts to promote fair treatment of financial institutions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large initial "J" and "N".

Jim Nussle
President & CEO