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Biden Plan Would Give IRS Authority to Track Your Bank Account

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Banco Popular in Old San Juan, Puerto Rico. By. VI CONSORTIUM

Democrats in Congress are debating a President Biden priority that would give the Internal Revenue Service access to U.S. accounts (including U.S. territories) with \$600 or more. This access would see banks providing the IRS with annual cashflows for ordinary accounts.

Swift backlash has caused the Ways and Means Committee — where the proposal is being shaped — to consider a higher threshold of \$10,000, though the sum has not been settled. Both IRS Commissioner Charles Rettig and Treasury Secretary Janette Yellen have been championing the proposal.

V.I. Delegate to Congress Stacey Plaskett is a Democrat and [member of Congress's Ways and Means Committee](#). Republicans are in stark opposition of the measure.

Ms. Yellen in a letter to the committee recently said the measure would reveal “opaque income streams that disproportionately accrue to the top.” She told CNBC Tuesday that it “would really help the IRS target their auditing resources.”

The proposal, whether for \$600 or \$10,000, has invited swift backlash from states, private sector leaders and Republicans. A group of 41 industry groups recently warned congressional leaders that the plan “is not remotely targeted” to detect major tax avoidance, according to the Wall Street Journal. Additionally, 23 state treasurers and auditors signed a letter last month opposing the plan, calling it “one of the largest infringements of data privacy in our nation’s history.” Nebraska Treasurer John Murante says his state won’t comply if the reporting rule takes effect, according to WSJ.

The Heritage Foundation, a conservative think tank primarily geared toward public policy, said the Biden plan would amount to invasion of privacy while putting more of Americans' financial data at risk. “Under this requirement, the Internal Revenue Service—an already scandal-ridden and historically politicized government agency—could once again be weaponized against political opponents while leaving middle-class Americans vulnerable to having more of their financial information hacked or leaked,” [wrote](#) the Heritage Foundation.

WSJ pointed to confidential tax records of Jeff Bezos, Mike Bloomberg and other wealthy Americans that were leaked or hacked from the IRS and exposed by ProPublica. “Whoever leaked or hacked those records committed a crime, but the IRS has revealed nothing from its promised investigation. Adding bank account info to the IRS trove would risk the disclosure of savings and spending information of political adversaries in the same way,” the WSJ’s [Opinion Page wrote](#).

Democrats in Congress are also looking to include \$70 billion for the IRS in the \$3.5 trillion spending measure that they believe would better equip the IRS to collect taxes. Together, Democrats estimate about \$700 billion would be collected.

In a recent letter addressed to House leadership, the American Bankers Association and its state-level chapters wrote that while “policymakers insist this provision is aimed at high income earners, it sweeps in almost any American with a bank account,” according to [American Banker](#), an online resource for senior executives in banking and financial services.

American Banker said the ABA-affiliated groups said their concerns over customer privacy violations “would not be mitigated by raising the reporting threshold to \$10,000 or even \$100,000.”

“Regardless of the threshold, financial institutions would be required to develop the necessary technology and processes to identify the accounts, report to the IRS and customers, and educate customers and bank staff on what the information does (and does not) mean. The costs and related process improvements are fixed and will not materially change with threshold changes,” the ABA said.

Even if Congress were to agree to a higher \$10,000 threshold, that amount would still affect some of the country’s lowest paid workers, said Brad Thaler, vice president of legislative affairs for the National Association of Federally-Insured Credit Unions. “Because the provision calls for the new concept of reporting total annual account inflows and outflows, and not income, even minimum wage workers would still find themselves subject to greater government scrutiny and privacy

concerns at a proposed \$10,000 annual reporting threshold,” he said (via American Banker).

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