

PROHIBITING IRS FINANCIAL SURVEILLANCE ACT

SNAPSHOT

The “Prohibiting IRS Financial Surveillance Act” preemptively bars the IRS from implementing any form of the Biden administration’s intrusive and burdensome bank surveillance regime by preventing any new reporting requirements on financial institutions to disclose information on individuals’ private bank account deposits or withdrawal activity.

The bill does not restrict any existing provision of current law, such as the Bank Secrecy Act or existing subpoena authority.

BACKGROUND

President Biden, Treasury Secretary Yellen, and the Internal Revenue Service (IRS) are seeking access to every working American’s financial information by requiring financial institutions to report to the IRS each and every withdrawal and deposit that total at least \$10,000.

The Joint Committee on Taxation has analyzed the proposal and found that it is likely to impact taxpayers in every income bracket, including those making less than \$50,000. ***Every American working a minimum wage job would be wrapped up into this new IRS reporting regime.***

The Biden administration has stated that this proposal will allow the IRS to use the additional aggregate information from these account inflows and outflows to focus its enforcement efforts on wealthy tax evaders. However, even Steven Rosenthal at the left-leaning Tax Policy Center concluded the bank reporting requirement proposal would, “in fact, bury the agency in a sea of unproductive information.”

If passed, the Biden proposal would result in massive compliance costs for banks and credit unions, especially smaller community institutions. These burdens will cause banks to either close or merge with other institutions when it gets too expensive to operate, leading to more banking deserts for rural and low-income Americans.

Historically marginalized communities don’t use traditional financial institutions because they don’t trust them. Telling them that the IRS is monitoring their every transaction will turn people away from banks to less well regulated areas of the financial ecosystem. The Democrats’ proposal makes expanding financial inclusion more difficult and introduces greater consumer protection risks.

KEY POINTS

- ***Under the Biden reporting regime a family whose monthly expenses total just \$833 would still be required to be reported to the IRS.***
- ***Nearly every American, even those below the poverty line, would be subject to this proposed reporting regime, the purpose of which is to collect more taxes.***
- ***The “Prohibiting IRS Financial Surveillance Act” would prohibit the Biden administration’s proposed violation of privacy and federal government overreach.***