



TTAA Legislative Update

October 18, 2021



Opposition to New Tax Information Reporting Proposal

Dear Speaker Pelosi, Majority Leader Schumer, Minority Leader McCarthy and Minority Leader McConnell:

The undersigned associations representing a cross-section of financial and business interests write to express our strong opposition to the proposed new tax information reporting regime as described by the Department of Treasury, that would impact almost every American who has an account at a financial institution. The proposal will require providers of financial services to track and submit to the IRS information on the inflows and outflows of every account above a de minimis threshold of \$600 during the year.

Intended to help the IRS target wealthy tax dodgers, the unintended consequence is the overly broad proposal will directly impact almost every American and small business with an account at a financial institution.

Lawmakers must fully understand the breadth of taxpayers who would be receiving a new form from their financial institution – almost every American who has a bank or credit union account and has gross inflow and outflow of at least \$600.

While recent proposals suggest that increasing the de minimis threshold to \$10,000 is less objectionable, this is a flawed assumption and will not significantly reduce the scale of this new IRS program. As we mentioned in our previous letter, this proposal would create serious financial privacy concerns, increase tax preparation costs for individuals and small businesses, and create significant operational challenges for financial institutions.

The recent reports highlight avenues that Congressional leaders are looking to “soften the edges” of the new regime, by exempting some payment processors, providing support to institutions to aid processing, or carving out certain types of flows all together (i.e. mortgage payments, etc.).

These new proposed exceptions only add significant operational complexity for financial institutions and will not materially reduce the tens of millions of American taxpayers who would be subjected to the new reporting regime. We continue to urge members to oppose any efforts to advance this ill-advised new reporting regime. The privacy concerns for Americans are real and should not be taken lightly. The IRS is not impervious to being hacked and has suffered massive data breaches in the recent past where the personal information of taxpayers was stolen.

According to the Treasury Department, they only plan to use the data to increase the audits for those who make over \$400,000 a year. The likely question of any American taxpayer making less than that is: Why does the IRS need my account information if they aren't going to use it?

We believe that this program is costly for all parties, not fit for purpose, and loaded with

the potential for unintended and serious negative consequences. As associations representing a broad cross-section of financial and business interests, we urge you to oppose any efforts to institute this new reporting regime.

Sincerely,

TTAA and other trade associations



OSHA Vaccine Rule Update

As you may have heard, on October 12, 2021, the Department of Labor's Occupational Safety and Health Administration (OSHA) submitted its draft Emergency Temporary Standard (ETS) on private employer vaccine requirements to the Office of Management and Budget (OMB).

The ETS is in response to President's September 9 directive that OSHA develop a standard to require that private employers with 100 or more employees "ensure their workforce is fully vaccinated or require any workers who remain unvaccinated to produce a negative test result on at least a weekly basis before coming to work."

OMB's review is the final step that must occur before OSHA can put the new standard into effect. The President has directed OMB to expedite its review of ETS. Accordingly, we anticipate that the ETS will be released very soon.

Rest assured that once the ETS is released, we will be reviewing it and providing information for you.



Small Business Tax Fairness Act Coalition Letter

Dear Chairman Wyden and Ranking Member Crapo:

On behalf of the undersigned organizations, we write to convey our concerns regarding the Small Business Tax Fairness Act (S.2387) and other recent proposals to change the 199A deduction. While we appreciate the intent to simplify the 199A deduction and eliminate the special rules for specified service businesses, we have serious concerns that the proposed phase out limits set forth in S. 2387 will exclude a significant number of small businesses from this important deduction.

As you know, the 199A deduction was intended to create some parity between the tax rates for C corporations and the tax rates for pass through entities. Pass through entities are already facing a significant disadvantage by the fact that, while the lower C corporation rates set in 2017 are permanent, the 199A deduction will sunset at the end of 2025. To significantly lower the phase out, while also retaining the 2025 sunset will be extremely

harmful for a wide swath of small businesses, many of which are still struggling to survive and recover from the pandemic.

Again, while we welcome the provisions of the proposed bill that would simplify the calculations of the 199A deduction and remove the distinction between different types of pass through entities, the tradeoff – namely the new complete elimination of the deduction for taxpayers with incomes over \$500,000 (with a phase out starting at \$400,000) – is far too high for the undersigned organizations to be able to support this legislation. We have the same concern with the 199A proposal that was recently approved by the House Ways and Means Committee.

As it considers S.2387 and the 199A issue, we would urge the Committee to eliminate any income threshold amount which cuts off the deduction entirely and to add a provision to make 199A permanent.

We thank you for your consideration of this matter and stand ready to provide any additional information or support that may be required to help enact these common sense provisions that are so essential to the success of our Nation's pass-through businesses.

Sincerely,

TTAA and other trade associations



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