



Representative Bill Posey 120 Cannon House Office Building Washington, D.C. 20515

Dear Representative Posey:

On behalf of the Credit Union National Association (CUNA) and the World Council on Credit Unions (World Council), we are writing in support of your legislation, H.R. 2299, which would repeal the Internal Revenue Service's recent expansion of United States credit union and bank reporting rules with respect to interest on deposits paid to nonresident aliens. CUNA is the largest credit union advocacy organization in the United States, representing nearly 90% of America's 7,000 state and federally chartered credit unions and their 96 million members. World Council is the leading trade association and development organization for the international credit union movement. Worldwide, there are over 51,000 cooperatively owned not-for-profit credit unions in 100 countries with more than \$1.5 trillion in total assets.

CUNA and World Council strongly oppose the IRS regulations that require U.S. financial institutions to report interest paid to nonresident aliens. This requirement, which is codified at 26 C.F.R. §§ 1.6049-4(b)(5), 1.6049-8, places an extraordinary burden on credit unions. Credit unions believe that while some reporting requirements can be justified, the IRS has not shown that this non-resident alien interest income reporting rule is necessary to implement any such statutory requirements, nor has it provided a compelling reason why the expanded reporting requirements are necessary.

As you have noted in your recent letter to Treasury Secretary Jack Lew, the IRS's non-resident alien interest income reporting rules that H.R. 2299 would repeal also relate the Foreign Account Tax Compliance Act (FATCA). Non-resident alien tax information collected by the IRS will be shared with foreign governments pursuant to FATCA intergovernmental agreements (IGAs) and tax treaties, and the Administration's FY2014 Budget also requests additional statutory authority to increase U.S. financial institution non-resident alien tax information collection burdens. FATCA will also impose additional regulatory burdens on U.S. credit unions pursuant to its "withholding agent" rules that apply to U.S. credit unions and other U.S. financial institution, but have not yet taken effect.

Your legislation would be instrumental in eliminating an unnecessary and unduly burdensome rule for credit unions. On behalf of America's credit unions and around the globe, thank you for introducing this legislation. We look forward to its consideration and enactment.

Sincerely,

Bill Cheney President & CEO

Credit Union National Association

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World Council of Credit Unions