

January 24, 2024

The Honorable Jason Smith  
Chairman  
House Committee on Ways and Means  
1139 Longworth HOB  
Washington D.C. 20515

The Honorable Ron Wyden  
Chairman  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Richard Neal  
Ranking Member  
House Committee on Ways and Means  
1129 Longworth HOB  
Washington D.C. 20515

The Honorable Mike Crapo  
Ranking Member  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Chairman Smith and Wyden and Ranking Members Neal and Crapo:

As the leading organizations representing virtually all of the financial services industry, we write to share our concerns about recent policy changes announced by the Internal Revenue Service (IRS) regarding the Income Verification Express Service (IVES) and urge you to pass H.R. 3335, the IRS eIVES Modernization and Anti-Fraud Act of 2023 to ensure the IRS follows the original intent of Congress and prevents disruptions to the consumer and commercial lending industries.

On January 2, 2024, IRS published a [bulletin](#), effective June 30, 2024, stating that “the IRS will only provide IVES transcripts to mortgage lending firms for the sole purpose of obtaining a mortgage on residential or commercial real property (land and buildings)”.

On January 3, 2024, IRS published a [bulletin](#), effective February 1, 2024, stating “the IRS will no longer be providing Income Verification Express Services (IVES) to government agencies”.

The Income Verification Express Service (IVES) program is currently used by consumer and commercial lenders and government agencies such as the Small Business Administration (SBA) to confirm the income of a borrower during the processing of a loan application, an important tool to combat fraud and for decreasing the costs and increasing the speed of underwriting a loan.

The Taxpayer First Act (TPA) of 2019 authorized the IRS to raise fees to pay for and develop an automated system to receive these forms in lieu of the current system, which relies on the forms to be sent to the IRS via secure fax.

[Sect 2201](#): “shall implement a program to ensure that any qualified disclosure is fully automated and accomplished through the internet; and is accomplished in as close to real-time as is practicable.”

However, in its implementation of the TPA, the IRS has:

- Assumed the responsibility for user authentication replacing the longstanding system of trusted 3rd party authentication which will unnecessarily introduce friction and costs in the application process and burden taxpayers and lenders.
- Refused to expand the data made available in tax transcripts to include certain business tax return information needed for underwriting which limits the utility of the system.
- Excluded non-mortgage lenders from accessing tax transcripts through the system for any purpose other than a mortgage which discriminately limits the system to one part of the industry without just cause or reason.
- Cut off the ability for other government agencies to access the system which will increase fraud in government programs and cause disruptions to federal government programs such as the Small Business Administration's 7(a) and 504 programs.

Several of our associations have met with the IRS several times to express our concerns with the agency's implementation plans beginning in 2021. Since then, the IRS has continued to implement changes to the system without notice or regard for our concerns and has effectively made the system unusable wasting more than \$72 million dollars in the process.

We, the undersigned, urge Congress to pass H.R. 3335, the IRS eIVES Modernization and Anti-Fraud Act of 2023 to ensure the IRS follows the original intent of Congress to modernize the system and prevent disruptions to the consumer and commercial lending industries.

Sincerely,

American Bankers Association  
America's Credit Unions  
American Fintech Council  
Consumer Data Industry Association  
Electronic Transactions Association  
Financial Technology Association  
Innovative Lending Platform Association  
Independent Community Bankers Association  
Mortgage Bankers Association  
Responsible Business Lending Coalition  
Small Business Finance Association

cc:

House Committees on Financial Services  
House Committee on Small Business  
Senate Committee on Banking, Housing and Urban Affairs  
Senate Committee on Small Business and Entrepreneurship  
Senate Subcommittee on Taxation and IRS Oversight  
U.S Treasury  
National Economic Council (NEC)  
Office of Management and Budget (OMB)