

October 21, 2021

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Rettig:

On behalf of the entire financial services industry and the American consumers and businesses we serve, we write to request that IRS stop implementation of section 2201 of the Taxpayer First Act (P.L. 116-25, "TFA") – modernization of the Income Verification Express Service (IVES) – until a workable solution to critical technical issues, including consumer authentication, can be identified in collaboration with current and future users of the system.

As you know, the TFA directed the IRS to modernize IVES from a fax-based system into a real-time, fully automated application programming interface (API), with a clearly stated intent of making the financial application process more efficient and streamlined for lenders and customers. The current proposed plan, in which IRS would assume control of the customer authentication process, would not achieve the goal of the law. In fact, the current plan would be so disruptive and unworkable for lenders that it is unlikely the system would be used.

Specifically, the IRS is proposing to require loan applicants to leave the application process and create an IRS Online account for purposes of authenticating their identity and providing certain authorizations before tax transcript data can be returned to the lender. This approach is contradictory to the clear intent of the TFA as it would add significant friction for consumers and businesses, as well as require wholesale system reconfigurations for users of the system.

We understand the IRS is implementing an agency-wide identity proofing and authentication program aimed at taxpayers and tax preparers that have a need to interact directly with the IRS. The IVES program does not fit that framework. A consumer applying for a financial product with a lender has no expectation – and should have no need – of a requirement to interact with a federal agency.

We appreciate the willingness of your Submission Processing team to listen to the concerns many of us have shared directly. We have offered to collaborate with IRS to resolve this situation and find a workable solution that adheres to the current "trusted third party" model of customer authentication that is fundamental to the IVES process. Our members want a successful outcome; however, we believe it is vital now that the current proposal be set aside and the implementation process paused until consensus among users and IRS can be achieved.

Sincerely,

Innovative Lending Platform Association (ILPA)
Consumer Bankers Association (CBA)
Consumer First Coalition (CFC)
Consumer Data Industry Association (CDIA)
Mortgage Bankers Association (MBA)
Housing Policy Council (HPC)
Independent Community Bankers of America (ICBA)
California Association for Micro Enterprise Opportunity
American Fintech Council (AFC)
Financial Technology Association (FTA)
Financial Innovation Now (FIN)
Electronic Transactions Association (ETA)
Small Biz Silver Lining

CC: The Honorable Ron Wyden
The Honorable Mike Crapo
The Honorable Richard Neal
The Honorable Kevin Brady