

Trump issues deregulatory initiative

President Trump issued an executive order that directed all federal agencies, in coordination with Department of Government Efficiency (DOGE) team leads and the director of the Office of Management and Budget (OMB), to initiate a review process for all agencies' respective regulations to ensure consistency with the law and administrative policy.

URL: <https://www.whitehouse.gov/presidential-actions/2025/02/ensuring-lawful-governance-and-implementing-the-presidents-department-of-government-efficiency-regulatory-initiative/>

Agency heads (in consultation with the attorney general) were given 60 days from the date of this order to identify any regulations they consider to be unconstitutional; based on unlawful delegations of legislative power; implicate matters of social, political or economic significance that are not authorized by statutory authority, and more as listed in section 2 of the executive order. The leaders of each agency were also given 60 days to provide the administrator of the Office of Information and Regulatory Affairs (OIRA) with a list of all regulations they identified in their respective reviews. Thus, on a case-by-case basis, the White House directed agencies (in consultation with the director of OMB) to terminate any regulatory enforcement proceedings that do not comply with the law or administrative policy.

For those agencies that submit regulations for review by OIRA, the White House noted that processes set out in executive order 12866 dated September 30, 1993 shall be followed. Further, the White House listed three exemptions from this order, including any action related to a military, national security, homeland security, foreign affairs, or immigration-related function of the United States; any matter pertaining to the executive branch's management of its employees; or anything else exempted by the OMB director.

URL: <https://www.archives.gov/files/federal-register/executive-orders/pdf/12866.pdf>

Happenings at the IRS

In other news, the IRS has also garnered attention this week, with the retirement of its acting commissioner and the discovery that there was a leak of more than 400,000 taxpayers' sensitive tax account information.

Another retirement: The IRS announced that Acting Commissioner Doug O'Donnell will retire after almost 40 years working for the agency on February 28. Melanie Krause, currently its chief operating officer, will take over for O'Donnell upon his departure and will be the third official to hold the top spot at the agency this year, with Danny Werfel's resignation last month after acknowledging President Trump's desire to replace him with former Rep. Billy Long (R-Mo.). (For prior coverage, see *Tax News & Views*, Vol. 25, No. 32, Dec. 6, 2024.)

URL: <https://www.irs.gov/newsroom/krause-to-serve-as-acting-irs-commissioner-odonnell-retires-after-distinguished-career>

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/241206_3.html

"The IRS has been my professional home for 38 years," O'Donnell announced. "I care deeply about the institution and its people and am confident that Melanie will be an outstanding steward of the Service until a new Commissioner is confirmed."

The role of commissioner is one of two political appointees at the tax collecting agency – along with the IRS chief counsel – and is required to be confirmed by the full Senate, though a hearing on his nomination has yet to be scheduled at the Senate Finance Committee.

When Trump announced his decision to nominate Long for the IRS Commissioner post, he stated that “Billy is an extremely hard worker, and respected by all, especially by those how know him in Congress. Taxpayers and the wonderful employees of the IRS will love having Billy at the helm. He is the consummate ‘people person,’ well respected on both sides of the aisle.”

Taxpayer data leaked: The IRS acknowledged in a letter to House Judiciary Committee Chairman Jim Jordan that a contractor had disclosed the personal taxpayer information of more than 400,000 taxpayers, 89 percent of whom are owners of business entities. The contractor who leaked the data, Charles Littlejohn, was sentenced to five years in prison for disclosing taxpayer information, including the tax records of President Trump.

URL: <https://judiciary.house.gov/sites/evo-subsites/republicans-judiciary.house.gov/files/evo-media-document/Jordan%20%20%28Data%20Breach%20and%20Security%29%20-%20Final.pdf>

The IRS mailed notifications to 405,427 taxpayers whose taxpayer information was inappropriately disclosed and established a dedicated portal for follow-up taxpayer inquiries. The agency does not anticipate any further large mailings, though, they indicated that “there will be a relatively small number of additional notifications based on ongoing research and reconciliation work.”

The chairman of the House taxwriting committee, Jason Smith (R-Mo.), stated in a social media post that the leak at the IRS further supports the work of the Department of Government Efficiency (DOGE) to ensure there is no waste, fraud, and abuse of government resources.

URL: <https://x.com/repjasonsmith/status/1894457652782272792?s=46&t=44iahVpgZ77U1g7USTrnsW>

“This is why the work of Elon Musk and DOGE is so important. The [Republicans] at the Ways and Means Committee have been demanding answers for years, and the IRS cannot even tell us who has access to data [and] what systems contain sensitive taxpayer data.”

— Steven Grodnitzky
Tax Policy Group
Deloitte Tax LLP

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