

President Trump orders Treasury to use electronic processing to issue tax refunds, taxpayer data sharing is focus at IRS

President Trump issued an executive order this week that aims to modernize the Treasury Department's payment processing systems, while members of Congress have raised concerns about the IRS' possible sharing of taxpayer information with other government agencies.

Treasury's electronic payment processing

In a March 25 executive order, "Modernizing Payments To and From America's Bank Account," President Trump directed the secretary of the Treasury to cease issuing paper checks for all federal disbursements, including tax refunds, effective September 30, 2025. All executive departments and agencies must transition to electronic funds transfer (EFT) methods, like direct deposit, prepaid card accounts, and other digital payment options. (Text of fact sheet)

[URL: https://www.whitehouse.gov/presidential-actions/2025/03/modernizing-payments-to-and-from-americas-bank-account/](https://www.whitehouse.gov/presidential-actions/2025/03/modernizing-payments-to-and-from-americas-bank-account/)

[URL: https://www.whitehouse.gov/fact-sheets/2025/03/fact-sheet-president-donald-j-trump-modernizes-payments-to-and-from-americas-bank-account/](https://www.whitehouse.gov/fact-sheets/2025/03/fact-sheet-president-donald-j-trump-modernizes-payments-to-and-from-americas-bank-account/)

The order provides several exceptions when electronic payment and collection methods are not feasible, including for individuals who do not have access to banking services or electronic payment systems, emergency situations when electronic disbursements would cause undue hardship, and national security or law enforcement-related activities where non-EFT transactions are necessary or desirable.

"The Secretary of the Treasury and the heads of agencies shall take all necessary steps to protect classified information and systems, as well as personally identifiable information and tax return information, through the implementation of this order."

Trump directed the heads of agencies to submit a compliance plan to the Director of the Office of Management and Budget within 90 days with their strategy for eliminating paper-based transactions, while Treasury Secretary Scott Bessent was also directed to submit within 180 days an implementation plan detailing the progress that has been made.

Upon signing the order at a ceremony in the White House, President Trump indicated that "it's basically modernization of equipment and methods," then added that "it's something that should have been done 25 or 30 years ago."

The president also issued a second executive order this week, "Protecting America's Bank Account Against Fraud, Waste, and Abuse," that is intended to "promote financial integrity by enabling the Department of the Treasury to more easily conduct improper payment and fraud prevention screening prior to disbursing funds on behalf of agencies." The order also promotes transparency and accountability in addition to operational efficiencies. (Text of fact sheet)

URL: <https://www.whitehouse.gov/presidential-actions/2025/03/protecting-americas-bank-account-against-fraud-waste-and-abuse/>

URL: <https://www.whitehouse.gov/fact-sheets/2025/03/fact-sheet-president-donald-j-trump-protects-americas-bank-account-against-waste-fraud-and-abuse/>

Happenings at the IRS

Meanwhile, concerns about possible unauthorized sharing and leaking of taxpayer information continues to be a focus at the IRS as Democratic and Republican members of both chambers of Congress have expressed interest in this issue.

Taxpayer data sharing: In light of recent reporting that the IRS is considering disclosing taxpayer information to the Department of Homeland Security related to immigration enforcement, 62 Democratic House lawmakers penned a letter to IRS Acting Commissioner Melanie Krause and Department of Homeland Security Secretary Kristi Noem and urged them “to categorically reject any effort to misuse tax data for immigration purposes.”

URL: https://wassermanschultz.house.gov/uploadedfiles/final_irs-dhs_letter.pdf

The lawmakers expressed concern about a possible violation of section 6103, a section of the tax code that generally provides for the confidentiality of taxpayer information and allows for inspection or disclosure of that information *only* under strictly defined circumstances.

“The IRS has long maintained that tax compliance must be encouraged through confidentiality. Any deviation from this guiding principle, risks eroding public trust and discouraging taxpayers from fulfilling their obligations.”

The lawmakers also requested an explanation of each agency’s rules concerning these issues, including any communication regarding DHS requests for taxpayer information.

Meanwhile, in the upper chamber, Sen. Catherine Cortez Masto (D-Nev.) and 16 other Democratic senators demanded more information from Krause, Noem, and IRS Acting Chief Counsel Andrew De Mello, about existing or contemplated agreements between the IRS and DHS or other agencies regarding tax information sharing. The senators claimed that DHS has requested the IRS provide it with confidential taxpayer data that DHS would use to identify undocumented immigrants and that doing so would stifle voluntary tax compliance.

URL: <https://www.cortezmasto.senate.gov/wp-content/uploads/2025/03/Letter-to-IRS-DHS-Re-6103-Privacy-Concerns.pdf>

Like the House lawmakers, the senators were also concerned about a possible violation of section 6103 and the effect of disclosing confidential information.

“It is obvious that people will be far less likely to report sensitive personal information to the government, including details about how much money they have earned and how [they earned it], if they believe that the IRS will disclose that information in violation of the law,” said Cortez Masto and the other signatories.

Taxpayer data leak: House Judiciary Committee Chairman Jim Jordan (R-Ohio) requested last week that Charles E. Littlejohn – an IRS contractor who leaked thousands of taxpayers’ tax return data – testify before the Judiciary Committee as it works “to develop effective legislation such as reforms to DOJ procedures governing plea agreements and new statutory limits of the Civil Victims’ Rights Act.”

URL: <https://judiciary.house.gov/sites/evo-subsites/republicans-judiciary.house.gov/files/evo-media-document/2025-03-17-jdj-to-manning-re-littlejohn-testimony.pdf>

His concerns about the leak of taxpayer information were elevated after the IRS acknowledged a month earlier that a contractor had disclosed the personal taxpayer information of more than 400,000 taxpayers, 89 percent of whom are owners of business entities.

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>

“In light of this new disclosure that Mr. Littlejohn leaked hundreds of thousands of taxpayers’ information – not just ‘thousands’ as previously suggested – the Biden-Harris Administration’s decision to charge him with just one count of unauthorized disclosure of tax information is even more concerning,” Jordan remarked.

The IRS indicated on February 14 that it mailed notifications to 405,427 taxpayers whose taxpayer information was inappropriately disclosed and established a dedicated portal for follow-up taxpayer inquiries. The agency also noted that it did 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.”

Charles Littlejohn was sentenced to five years in prison for disclosing taxpayer information, including the tax records of President Trump.

Nominee for IRS Commissioner: Former Rep. Billy Long (R-Mo.) – President Trump’s pick to head the IRS – has been serving as a senior advisor at the Office of Personnel Management (OPM) while awaiting Senate confirmation as initially reported by Reuters. A spokesman from OPM said in a statement that “we’re happy to add Commissioner-Designee Long to the team while he’s pending his confirmation in the Senate, and we look forward to the continued advancement of OPM’s priorities.”

Long was tapped for the position by President Trump late last year even though then-current commissioner, Danny Werfel, who was nominated by President Biden and confirmed by the Senate in 2023, had not completed his full term at the agency. (For prior coverage, see *Tax News & Views*, Vol. 25, No. 32, Dec. 6, 2024.)

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

— Steven Grodnitzky
Tax Policy Group
Deloitte Tax LLP

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