



## Tax News & Views

### In this issue:

Bisignano highlights filing season, OBBBA; Dems press data sharing.....	1
SFC hearing on fiscal outlook; JEC hearing postponed.....	4
Treasury, IRS release proposed rules on Trump Accounts, digital assets, partnership basis.....	5

### **Bisignano highlights filing season, OBBBA; Dems press data sharing**

Testifying before the House Ways and Means Committee on Wednesday, IRS Chief Executive Officer (CEO) Frank J. Bisignano highlighted the agency's handling of the 2026 filing season to date and its implementation of the law commonly known as the One Big Beautiful Bill Act (OBBBA, P.L. 119-21). Democrats, however, pressed Bisignano over the agency's sharing of taxpayer data with the Department of Homeland Security (DHS). Bisignano also serves as the commissioner of the Social Security Administration but testified in his capacity as IRS CEO.

In his opening statement, House Ways and Means Committee Chairman Jason Smith (R-Mo.) highlighted what he described as the IRS's progress in better serving working Americans, pointing to higher refunds so far this filing season, new tax cuts enacted under the OBBBA that he said make life more affordable, and improvements in agency technology aimed at making filing more efficient and easier for all Americans.

"Look no further than this tax filing season which shows how the promise of the Working Families Tax Cuts (the term Smith and other Republicans often now use when referring to the OBBBA) we enacted last year is becoming reality: Americans are getting bigger refunds that put more money back into their pockets. Average tax refund amounts are 10 percent higher this filing season," Smith said.

Ranking Member Richard Neal (D-Mass.), by contrast, focused on what he described as the IRS's inappropriate sharing of confidential taxpayer information with immigration authorities, delays in certain taxpayer refunds, and recent reductions in the agency's workforce.

### Filing season picks up

As the filing season progresses, its performance featured prominently during the hearing, with Bisignano noting that the agency has already received roughly 55 million returns and is about 40 percent through the filing season.

Republican taxwriters, such as Rep. Darin LaHood (R-Ill.), framed filing-season performance as central to public confidence in the IRS, noting that, for most Americans, confidence in the agency depends on whether filing season runs smoothly and refunds are issued on time. He indicated that the average refund is higher this year than in 2025, with increases also seen in refunds issued by direct deposit. Rep. Nicole Malliotakis (R-N.Y.) praised the CEO's handling of the agency's operations, citing reduced call-wait times, improved staffing at customer-service call centers, and enhanced online tools that allow taxpayers to complete tasks directly through IRS systems.

Bisignano echoed those assessments, summarizing the filing season as one of "faster payments and bigger checks." He said the agency's performance is showing measurable improvements, particularly in refund timing, with direct deposit refunds issued to taxpayers in nine days on average. He also pointed to the "Where's My Refund" page at [www.irs.gov/refunds](http://www.irs.gov/refunds), which allows taxpayers to track refund status online, adding that visits to the IRS [website](#) are up 43 percent compared to last year.

Several Democratic taxwriters, however, offered a different picture of this year's filing season. Rep. Terri Sewell (D-Ala.), for example, said the White House promised that income tax refunds would increase by \$1,000 compared with 2025, but reported that many of her constituents are receiving much smaller amounts. She also said that many Americans have less disposable income, citing higher out-of-pocket healthcare costs following the lapse of the enhanced premium tax credit, as well as what she considered to be the negative economic effects of the recent tariffs. Rep. Danny Davis (D-Ill.) raised concerns about what he said were more than 530,000 delayed refunds tied to missing bank account information, noting that the affected taxpayers could wait months to receive a refund check by mail.

### OBBBA benefits and implementation

Republicans also argued that filing-season performance is increasingly shaped by newly enacted provisions in the OBBBA and how those provisions are being implemented and claimed by taxpayers.

On the panel, GOP members Vern Buchanan of Florida, Lloyd Smucker and Mike Kelly of Pennsylvania, and Ron Estes of Kansas, highlighted the benefits of the OBBBA, pointing to newly enacted deductions for tipped income, overtime pay, interest on certain new car loans, and income for seniors. Smucker said enactment of the law prevented what he described as one of the largest tax increases in US history.

For further analysis of the OBBBA, see: [A closer look: Inside the new tax law](#) prepared by Deloitte Tax LLP's professionals.

Bisignano said the effects of the individual income tax provisions are already showing up in early filing data, noting that 43 percent of the returns filed to date include the new [schedule 1-A](#) as part of the return. He said the largest share of those filings reflects the deduction for overtime income, which he characterized as evidence that the law is "encouraging hard work." To support implementation of these provisions, the IRS recently [published](#) the schedule and related instructions (included in the [Form 1040 instructions](#)) for the 2025 tax year. Taxpayers will use the schedule to claim recently enacted OBBBA deductions for tipped income, overtime pay, interest on certain new car loans, and the enhanced deduction for seniors, regardless of whether they itemize.

The IRS CEO also pointed to the newly enacted "Trump Accounts," tax-preferred investment accounts for minors. The provision includes a pilot program that provides a one-time \$1,000 seed investment from the federal government for beneficiaries born after December 31, 2024, and before January 1, 2029. As part of IRS implementation efforts, Bisignano [said](#) in his written statement that the agency developed [Form 4547](#), Trump Account Election(s), which taxpayers must file to open a "Trump Account." He added that initial demand has been strong, noting that, as of February 18, the IRS had received roughly 2 million Forms 4547, "with more on its way." (New guidance was issued on Trump Accounts and is discussed later in this edition.)

In addition to individual provisions, Bisignano referenced several business-focused elements of the OBBBA, including the section 199A passthrough deduction and the full expensing of certain business property, emphasizing that making those provisions permanent was important.

Democrats, however, raised concerns about how some OBBBA provisions affect workers. Rep. Steven Horsford (D-Nev.) criticized the tipped-income provision, arguing that the “law was not written with workers in mind,” particularly in the hospitality sector, and cited issues, such as the exclusion for automatic gratuities.

**Form 1099-K:** Rep. Carol Miller (R-W.Va.) noted that the OBBBA restored the Form 1099-K reporting threshold for certain gig-economy workers receiving payments through third-party platforms, under which reporting is required if gross payments exceed \$20,000 and the number of transactions exceeds 200. The change reversed the lower \$600 threshold enacted under the American Rescue Plan Act of 2021 (P.L. 117-2). In response to questions about additional guidance, Bisignano said the agency has already issued more than 900 pieces of policy and guidance and will continue outreach, particularly related to the gig economy. (For prior coverage, see [Tax News & Views](#), Vol. 25, No. 6, Feb. 9, 2024.)

**Adoption tax credit:** Chairman Smith highlighted changes to the adoption tax credit, which he described as a family-support provision. The OBBBA makes the credit partially refundable – up to \$5,000, indexed for inflation – beginning in tax years starting after December 31, 2024. Bisignano said the IRS is implementing this change “as expeditiously as possible, without disrupting the current filing season,” and added that additional guidance will be issued soon.

In a related statutory change, the OBBBA provided parity by recognizing both state and Indian tribal government determinations of “special needs” for purposes of the credit. The Treasury Department and the IRS [issued](#) frequently asked questions addressing general refundability and the treatment of Indian tribal government determinations. (FS-2026-03). The changes apply to tax years beginning after 2024.

### Taxpayer data sharing

Democratic taxwriters, including Mike Thompson and Linda Sanchez of California, and Suzan DelBene of Washington, raised questions about the IRS’s sharing of taxpayer data with DHS. Bisignano declined to discuss the matter, saying the matter is subject to ongoing litigation, but noted that no IRS employee was fired or disciplined in connection with the disclosures.

**DHS budget and leadership:** President Trump [announced](#) in a social media post that Sen. Markwayne Mullin (R-Okla.) will replace DHS Secretary Kristi Noem, effective March 31, however, the post did not specify when a nomination would be sent to the Senate. This comes as an impasse over DHS appropriations has left the department in a weeks’ long shutdown. The Senate again voted down (51-45) a procedural motion on a House-passed appropriations bill that would fund DHS through September 30 (H.R. 7147), while the House voted 221-209 for passage of a full-year funding bill (H.R. 7744). (For prior coverage of the House passage of the full-year appropriations bill, H.R. 7147, see [Tax News & Views](#), Vol. 27, No. 4, Jan. 23, 2026; for prior coverage of the Senate initially voting down a procedural motion on H.R. 7147, see [Tax News & Views](#), Vol. 27, No. 7, Feb. 13, 2026)

### Modernization and technology

IRS modernization – particularly the agency’s technology systems – has been an ongoing focus for the agency. Rep. David Schweikert (R-Ariz.) pressed Bisignano on how Congress could help the agency modernize its technology, urging the IRS to get “off its own servers.” He called for greater use of encrypted cloud technology and expanded use of artificial intelligence to improve taxpayer services. He questioned why taxpayers cannot access and manage their taxes through a secure electronic application, arguing that “this is not cutting-edge technology.” Schweikert described the current moment as a “time of revolution,” saying modernized systems could dramatically “raise compliance.”

Bisignano said he is “happy to partner” with lawmakers, emphasizing that while the agency is still in the early stages of a broader “transformation,” improved technology results in increased compliance and simplification, and that taxpayers should expect continued progress. “You should expect 2027 to be far better than 2026, and 2026 to be better than 2025 and 2024 by a boat load,” Bisignano said.

Rep. Estes also raised concerns about the IRS’s continued reliance on outdated technology, arguing that legacy infrastructure drives “higher long-term costs.” Bisignano referenced a 10-part plan to retire existing systems and transition to more modern platforms, saying the plan is already being executed. He said the plan is to do more with newer systems while reducing costs, emphasizing that taxpayers deserve a “seamless experience” when preparing their taxes. Bisignano pointed to faster processing times as a key objective, including reducing the time to process amended returns to one week.



### Taxwriters explore other issues

Taxwriters also raised a range of other IRS-related issues during the hearing, including labor relations, audit practices, and the future of the now-suspended Direct File program.

**Union contract:** Ranking Member Neal questioned the IRS's decision to terminate its long-standing collective bargaining agreement with the National Treasury Employees Union, noting that the agreement has been in place for decades. Bisignano responded that federal employees already receive benefits that, in his view, exceed those typically provided through union contracts. The move aligns with an Office of Personnel Management memorandum [issued](#) last month and two executive orders ([EO 14251](#)) and [EO 14343](#)) addressing federal labor relations.

**Audits:** Rep. David Kustoff (R-Tenn.) questioned Bisignano about the length of taxpayer audits and what the agency is doing to make them faster, more efficient, and more targeted. Bisignano said the IRS is now closely monitoring audit cycle times and expects agents to close cases more quickly, framing the effort as part of a "taxpayer-first" approach. He described the agency as being in a "transformation" phase and cautioned that the IRS is not taking any "victory laps" at this stage.

Democratic taxwriters, such as Rep. Lloyd Doggett of Texas, raised additional concerns about enforcement, saying audit rates for large corporations have fallen by roughly 50 percent over the past decade and pressed Bisignano on whether he would restore those rates to prior levels. Bisignano declined to commit to a specific target, saying his responsibility is to deliver "higher service, higher collection, and [to protect] privacy." He also said that no one – including Doggett – had ever identified those past audit rates as an established standard. "You're asking for a commitment to a number that's never been proven out to be the right number. It could be bigger, it could be smaller," he said.

**Direct file program:** Rep. Adrian Smith (R-Neb.) discussed the now-suspended Direct File program, which allowed qualifying taxpayers to prepare and file their federal tax returns online at no cost through an IRS-maintained system. Smith pointed to the Free File program, run by several tax preparation companies in cooperation with the IRS, as an alternative, with Bisignano stating that the Free File program has been "well received" and added that, according to the National Taxpayer Advocate, the program is "going smoothly." (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 44, Nov. 7, 2025.)

Rep. Judy Chu (D-Calif.), however, argued that the "winners" of the Free File program are the "giant tax preparation services," stressing that "Free File is not free."

### Retirement

Across the Capitol, Senate Finance Committee Member Steve Daines (R-Mont.) announced this week that he will not seek reelection for another term in Congress. In a prerecorded video message, Daines thanked President Trump and his Republican colleagues for enacting the OBBBA, which he described as the largest tax cut in US history. With Daines set to depart at the end of his term, the Finance Committee could look markedly different in the next Congress, particularly as several other members either depart or face difficult primary challenges.

### Steven Grodnitzky

Tax Policy Group  
Deloitte Tax LLP

---

## SFC hearing on fiscal outlook; JEC hearing postponed

Senate Finance Committee's Subcommittee on Fiscal Responsibility and Economic Growth will [hold](#) a hearing on Wednesday, March 11, at 3:00 p.m. EST to explore the fiscal outlook for 2027-2036.

The witness list as of press time includes The Honorable Phillip Swagel, Ph.D., director of the Congressional Budget Office; Maya MacGuineas, president of the Committee for a Responsible Federal Budget; and Martha Gimbel, executive director and co-founder of The Budget Lab at Yale.

In other news, a Joint Economic Committee hearing scheduled for March 4 on US competitiveness and investment advantages of a destination-based cash flow tax was postponed until further notice. [Tax News & Views](#) will cover the hearing when it is held.

**Steven Grodnitzky**

Tax Policy Group  
Deloitte Tax LLP

---

## **Treasury, IRS release proposed rules on Trump Accounts, digital assets, partnership basis**

The Treasury Department and the IRS released proposed rules addressing Trump Accounts, digital assets, and partnership related-party basis adjustment transactions, as well as [Notice 2026-15](#) on prohibited foreign entities, while a separate rule on tipped-income occupations is under review with the Office of Information and Regulatory Affairs (OIRA).

### **Trump Accounts**

The Treasury Department and the IRS released proposed regulations to implement the “Trump Accounts” provision enacted by section 70204 of the law commonly known as the One Big Beautiful Bill Act (OBBBA, P.L. 119-21) ([REG-117270-25](#), [REG-117002-25](#)).

(For prior coverage of [Notice 2025-68](#) announcing plans to propose regulations under section 530A, see [Tax News & Views](#), Vol. 27, No. 2, Jan. 9, 2026.)

The OBBBA added new section 530A, which authorizes the establishment of a Trump Account for an eligible individual. One set of the proposed regulations would provide guidance on making an election to open a Trump Account – by filing Form 4547 – and would affect children eligible to have a Trump Account, individuals making elections on their behalf, and trustees administering the accounts. (REG-117270-25)

A separate set of proposed regulations addresses the Trump Accounts contribution pilot program, under which the accounts of eligible children may receive a \$1,000 pilot program contribution. Eligible children must be US citizens with valid Social Security numbers born in 2025 through 2028. (REG-117002-25)

A public hearing will be scheduled if requested in writing by any person who timely submits electronic or written comments. (Press release, [IR-2026-31](#))

### **Digital assets**

The Treasury Department and the IRS issued proposed regulations ([REG-105064-25](#)) that would provide digital asset brokers that are required to furnish their customers with written statements reflecting information provided to the IRS with respect to digital asset sale transactions with an alternative process for obtaining consent from their customers to receive these statements in an electronic format without offering a paper delivery alternative. (Press release, [IR-2026-29](#))

### **Partnership related-party basis adjustment transactions**

The Treasury Department and the IRS released proposed regulations ([REG-108921-25](#)) to remove regulations that identify certain partnership related-party basis adjustment transactions and substantially similar transactions as transactions of interest, a type of reportable transaction. The proposed regulations would affect participants in these transactions as well as material advisors. On January 14, 2025, the Treasury Department and the IRS finalized the basis shifting transaction rules, with publication in the Federal Register. ([T.D. 10028](#))

### **Prohibited foreign entities**

The Treasury Department and the IRS released [Notice 2026-15](#) (the “notice”), providing guidance for determining whether qualified facilities, energy storage technologies (ESTs), or eligible components include material assistance from a prohibited foreign entity (PFE), and would be ineligible for tax credits under sections 45Y, 48E, or 45X. Under section 45X, there are five major categories of eligible components, including: (1) solar energy components; (2) wind energy components; (3) inverters; (4) qualifying battery components; and (5) applicable critical minerals.

The notice also describes the rules that Treasury and the IRS intend to include in forthcoming proposed regulations. For additional details, see a new [alert](#) prepared by Deloitte Tax LLP professionals.

### **Tipped-income occupations rule under OIRA review**

The OIRA [received](#) for review on March 3 the final rule identifying occupations that traditionally and customarily receive tips, a key component of the tipped-income deduction enacted under the OBBBA. The list of eligible occupations was previously proposed in [REG 110032-25](#). (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 39, Oct. 3, 2025.)

#### **Steven Grodnitzky**

Tax Policy Group  
Deloitte Tax LLP

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

#### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com).