

**WRITTEN TESTIMONY OF
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BEFORE THE
HOUSE WAYS AND MEANS COMMITTEE
ON THE 2026 TAX FILING SEASON AND IRS OPERATIONS
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INTRODUCTION

Chairman Smith, Ranking Member Neal and Members of the Committee, I appear before you to discuss the 2026 tax filing season and Internal Revenue Service operations. With the passage of the Working Families Tax Cuts (WFTC or PL 119-21), also known as the One Big Beautiful Bill, the IRS is delivering on historic tax relief passed by this Congress and signed by President Trump to working families across the country. Simultaneously, we are improving taxpayer service and modernizing the agency.

The 2026 filing season began on January 26, and I am pleased to report we are providing historically great service to taxpayers -- in terms of tax return processing and the operation of our information technology (IT) systems. Through February 21, the IRS received approximately 42 million individual federal income tax returns and issued about 29 million refunds totaling more than \$109 billion. A more detailed discussion of the filing season is provided later in this testimony.

It is an honor to be the first Chief Executive Officer of the IRS, an organization whose work is foundational to our nation's governance, economic stability and public trust. I am deeply grateful to President Trump and Secretary Bessent for the opportunity to lead the transformational work being done to improve service to taxpayers.

I come from the private sector, having spent more than four decades leading some of the nation's largest financial institutions. In every job, we consistently grew, served our customers, and navigated challenging times with good processes and plans. I also have deep ties to the federal government – my father was a Treasury employee for 44 years. He did customs enforcement, boarding ships and making sure our ports were safe. So I have great respect for the Treasury's work, and for the mission of the IRS.

Since becoming CEO in October, I have worked with the management team to shape a clear, focused vision for the IRS. Along with delivering a successful filing season, we will transform the IRS into a digital-first agency that provides the best possible experience for taxpayers while improving collections and safeguarding privacy.

During 2026, the IRS will focus on delivering measurable results across the following areas:

- Achieving the best filing season results in timeliness and accuracy;
- Flawless execution and measurement of WFTC implementation;
- Delivering “One IRS” for the federal government and taxpayers;
- Building a world-class management team;
- Producing quality outcomes in addressing waste, fraud, and abuse;
- Creating meaningful management information systems to support strategic capital allocation;
- Ensuring taxpayer advocacy fulfills its mission;
- Establishing a durable talent and development framework;
- Exceeding all outward-facing performance metrics, including those reported to Congress;
- Significantly reducing outstanding audit and control issues, and;
- Advancing a strong compliance agenda while improving collections beyond historical norms.

After thoroughly examining the agency, I recently put in place an organizational structure where more functions report directly to me. This adjustment allows for strengthened accountability, improved performance, and transformed service delivery. To execute our vision, I have assembled an outstanding executive leadership team. I am confident that their dedication and experience position the agency to deliver world-class service to the American people and a pristine control environment, while driving a high-productivity agenda. I believe that with this new team in place, the IRS is well prepared to deliver on its mission.

IMPLEMENTING THE WORKING FAMILIES TAX CUTS

Thanks to President Trump’s leadership, the passage of the WFTC will provide important and long-lasting benefits to America’s working families. The tax relief enacted under this landmark legislation forms the cornerstone of the administration’s economic agenda. IRS employees have been working diligently to ensure that the historic benefits of the WFTC are delivered to the American people in a timely manner and as intended.

Tax Cuts for Working Families

The changes made by the WFTC set the stage for a very successful filing season for taxpayers. An important part of this benefit is expected to be a significant increase in refunds.

Millions of working families will benefit from sizeable tax cuts under major provisions in the WFTC, including:

- No tax on tips;
- No tax on overtime;

- No tax on car loan interest for American-made cars;
- A new tax deduction for seniors.

The IRS partnered with internal and external stakeholders to implement these major tax changes by updating systems, training employees and educating taxpayers about the changes. For the 2026 filing season, the IRS created 26 guidance documents related to the WFTC, including notices, revenue procedures and FAQs. To prepare for the filing season, the IRS updated more than 700 forms, instructions and publications, including approximately 160 that were affected by the WFTC and other new legislation. Additionally, to help taxpayers navigate the tax changes, we created a single location source for all information related to the WFTC at www.irs.gov/one-big-beautiful-bill-provisions.

Trump Accounts

Another major WFTC provision we are implementing is the Trump Accounts, a new type of Individual Retirement Account that will provide working families a financial head start for their children. As President Trump has said, Trump Accounts are a pro-family initiative that will help millions of Americans harness the strength of our economy to lift up the next generation.

The IRS, in coordination with Treasury, has been hard at work developing the guidance needed to ensure eligible families can take advantage of these accounts. We are focused on making it as easy as possible to open an account for an eligible child or contribute to an account. The goal is to ensure everyone has all the information they need well in advance of the start date for Trump Account contributions on July 4, 2026.

As part of our implementation efforts, we have developed Form 4547, which taxpayers will need to file with the IRS to open a Trump Account. Initial demand for Form 4547 has been very strong: as of February 18, the IRS had already received approximately 2 million Forms 4547 from people seeking to open Trump Accounts.

DELIVERING A SUCCESSFUL FILING SEASON

The IRS has been working for months to ensure the agency and taxpayers are ready for the 2026 tax filing season. We expect more than 140 million individual tax returns for tax year 2025 to be filed ahead of the April 15 federal deadline.

I am pleased to report the filing season opened successfully on January 26 and has run smoothly thus far in terms of return processing and the performance of our Information Technology systems. To give you an idea of how well our systems have performed: at the peak on that first day, our IT systems enabled us to successfully receive 1,200 submissions per second and send 600 acknowledgements per second.

As noted above, the IRS workforce navigated preparation for the 2026 filing season while implementing major tax changes in the WFTC designed to help working families across America. This situation challenged our ability to make the necessary annual changes for the filing season. Nonetheless, as a result of the ongoing efforts of our employees, the IRS is on track to deliver a smooth filing season again this year.

To improve phone service, in 2025 the IRS hired more than 2,200 new Customer Service Representatives (CSR), bringing the total number of CSRs to approximately 16,000 at the start of the 2026 filing season. We are continuing to align resources to the highest-impact taxpayer needs, and we continue to invest in training and readiness so that when employees are on the phones or working cases, they are equipped to resolve issues efficiently.

We are also continuing to improve the level of in-person help we provide at our Taxpayer Assistance Centers (TAC) around the country. As in recent years, we are expanding hours at TACs with the goal of offering 15,000 additional hours, and we are again offering special Saturday hours at certain TAC locations. Improvements to the customer experience include offering text message notifications about upcoming appointments and providing tablets taxpayers can use for self check-in when they arrive for a TAC appointment.

Improving Service Measurements

We are transforming how we measure taxpayer service by implementing a new system of enterprise metrics for the 2026 filing season that reflect new technologies and service channels. The updates generated through this new system will allow us to more accurately capture how the IRS serves taxpayers today. This new approach will help us ensure that we meet our goal is to deliver the best possible experience for individuals and institutions while strengthening compliance through the same integrated approach.

This new system replaces the legacy telephone-based Level of Service metric. It will allow us to better evaluate all the ways our representatives interact with customers either through phone or web chat, and incorporates how we serve customers through automated channels. In taking this step toward a new system, we are following recommendations made by several organizations that oversee the IRS, including the Treasury Inspector General for Tax Administration (TIGTA), National Taxpayer Advocate (NTA), General Accounting Office (GAO) and Internal Revenue Service Advisory Council (IRSAC).

TRANSFORMING THE IRS

The IRS's mission is built on a simple but powerful commitment: to deliver the level of service and protection of privacy the American people deserve, while ensuring compliance with the tax laws. Achieving that commitment requires an IRS that is modern and focused on the future. We are laser-focused on creating a "Digital IRS," through our modernization efforts. Modernization is not just an operational need; it is a responsibility. It allows us to: better identify and address areas of significant noncompliance; provide taxpayers with 24/7 access to their information; and safeguard the sensitive financial data entrusted to us.

We are committed to ensuring the IRS achieves major efficiency gains in the years ahead. Progress is already being made in this area. We have successfully cut \$2 billion from the IRS information technology budget without any operational disruptions. We achieved these cost savings by renegotiating, scaling back, and in some cases eliminating, wasteful IT and professional services contracts.

We also embarked on a plan to modernize our processing systems. Outdated paper processes cost the agency approximately \$450 million in Fiscal Year (FY) 2025. Through targeted policy changes, automation and process redesign, we are committed to reducing this expense to under \$20 million by 2029. We are demonstrating that a government agency can deliver world-class service while being a responsible steward of taxpayer dollars.

Our goal for taxpayers in our modernization efforts is to create a seamless customer experience where taxpayers can interact with the IRS with the same ease they expect from the private sector. This upgrade includes a significant expansion of the IRS Online Account for taxpayers to manage affairs securely – along with continued improvements in the IRS Tax Pro Account and the Business Tax Account – as well as the improvement of taxpayer guidance and resources.

Zero Paper Initiative

A key focus of the IRS's modernization efforts involves reducing paper processing, through our "zero paper" initiative. We have already reached some important milestones in this area. For example, the IRS announced it would phase out paper refund checks, beginning September 30, 2025, to comply with Executive Order 14247, signed by President Trump in March 2025 that launched a broad, government-wide transition to electronic payments.

This transition away from paper refunds affects only a small portion of the taxpaying public, because the vast majority of taxpayers already receive their refunds electronically. In Calendar Year 2025, the IRS issued about 104 million tax refunds to individual filers, and 90 percent, or nearly 94 million refunds, were delivered by direct deposit.

Transitioning to electronic refunds will:

- Protect taxpayers. Electronic payments are more secure. In 2023, paper checks accounted for nearly \$25 billion in delayed, lost, stolen, or altered refunds. Direct deposit eliminates these risks.
- Deliver faster refunds. Most taxpayers who e-file and choose direct deposit typically receive refunds within 21 days if there are no issues with their return, compared to six weeks or more for mailed checks.
- Reduce costs. Electronic payments are more efficient and cost-effective than paper checks.

The IRS's transition away from paper also applies to payments the agency receives from taxpayers. These transactions include tax balances due, fees, penalties, and other payments from individuals, businesses, nonprofit organizations, and state and local partners. During this transition period, payments by check and money order will still be accepted, as the IRS continues to expand electronic payment options to make it easier, faster and more secure for individuals and businesses to pay taxes.

As the IRS continues its modernization efforts, the years ahead will bring continued transformation. We are building an IRS that leverages advanced technologies, empowers its workforce with better tools, and delivers secure, accessible and dependable services to all taxpayers.

IMPROVING COLLECTIONS

The IRS is pursuing Secretary Bessent's goal of fair and effective tax administration by undertaking efforts to improve collections in a manner that employs data, analytics and improved technology to focus compliance efforts where they matter most. The IRS remains committed to having a strong, visible, robust tax enforcement presence to support voluntary compliance. Enforcement of the tax laws is critical to ensuring fairness in our tax system.

The IRS is using technology to develop new enforcement tools. Our advanced data and analytic strategies allow us to catch instances of tax evasion that would have been undetectable just a few years ago.

Along those lines, the IRS is using artificial intelligence (AI) and advanced analytics to identify high-risk areas of non-compliance and fraud with greater accuracy. By modernizing information systems and sharing data across platforms, we are better equipped to detect fraudulent filings and enforce the law.

Thanks to this data-driven approach, our skilled enforcement and revenue personnel can focus their efforts on higher-value work. Improving our modeling capabilities using more data and better technology allows us to better identify areas where purposeful noncompliance exists. That improvement, in turn, will

help us reduce the resources spent on false positives in audits, and improve service for taxpayers who are doing their best to comply.

SAFEGUARDING PRIVACY AND TAXPAYER DATA

Protecting sensitive taxpayer data is paramount. We are continuously strengthening our cybersecurity defenses and enforcing the strictest protocols to ensure that taxpayer information is secure from all threats and that the IRS operates with the integrity the American people demand and deserve. We are working to protect taxpayers with cutting-edge systems, strong internal controls and a culture rooted in safeguarding data.

An important focus of our commitment to protecting taxpayers is our work to combat tax-related identity theft and refund fraud. Our efforts in this area are strongly supported by the Security Summit, a unique partnership that brings together the IRS, the states and private-sector companies and associations. Over the last decade, this partnership has made great strides in detecting and preventing tax fraud related to identity theft. Just looking at it from the IRS perspective, IRS defenses now protect about \$38 billion of tax revenue each year from being lost to the crime of identity theft refund fraud. That is a far cry from 2015, when the Security Summit began, at a time when tax-related identity theft threatened to overwhelm the entire tax system.

There is still much more work to do to alert the public to the identity theft schemes and scams that continue to proliferate. We continue to be very concerned about identity thieves who target tax preparers, and we continue collaborating with our Summit partners to get the word out when we see new and emerging scams.

CONCLUSION

Chairman Smith, Ranking Member Neal and Members of the Committee, thank you for the opportunity to update you on the filing season and IRS operations. The IRS will continue transforming our operations, embracing new technology and fostering a culture of efficiency and accountability. Our success depends on disciplined, data-driven decision-making and a strong commitment to measurable results. I am honored to lead this vital work, and I am confident we are building an IRS every American can trust to fulfill its mission.