



Mobility Matters

IRS Digital Refunds and Global Mobility: What Executive Order 14247 Means for Employers

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A structural shift for global mobility programs

The Internal Revenue Service's (IRS) transition toward digital-only payments represents a significant evolution in US tax administration. Driven by Executive Order 14247,¹ the move away from paper checks reflects broader objectives related to efficiency, fraud reduction, and processing speed. For many taxpayers, this shift may appear incremental. For global mobility programs, however, the implications are more immediate and structural.

Global mobility operates at the intersection of tax, payroll, finance, and talent strategy. Programs are shaped by short-term assignments, cross-border movement, varying levels of banking access, and employer-funded tax obligations. As payment and refund mechanisms evolve, the effects extend beyond compliance considerations, influencing cash-flow management, risk allocation, and operational coordination.



Executive Order 14247 and the end of paper-based tax administration

Executive Order 14247 directs federal agencies to transition from paper checks to electronic payment methods for government disbursements and, over time, for payments made to the government. In the IRS context, this includes the phaseout of paper refund checks beginning September 30, 2025, with direct deposit becoming the default refund method.

The policy rationale is straightforward. Digital payments may reduce the risk of lost or stolen checks, protect against fraud, support faster settlement, and improve transparency. At the same time, the order was not developed with the specific operational features of global mobility programs in mind. Processes that work efficiently for domestic taxpayers may present challenges for cross-border populations with more complex financial and tax profiles. This divergence between policy intent and program-level realities is where many global mobility teams are beginning to experience practical friction.



Why global mobility programs are uniquely exposed?

Global mobility programs face challenges that domestic payroll and tax functions rarely encounter.

Many foreign national assignees do not maintain US bank accounts. Some may be unable to open one due to documentation requirements, while others may choose not to maintain an account for short-term assignments. In addition, their US accounts are often closed shortly after their assignment ends, sometimes before tax returns are filed or refunds are issued.

¹ <https://www.irs.gov/newsroom/questions-and-answers-about-executive-order-14247-modernizing-payments-to-and-from-americas-bank-account>

Historically, paper refund checks offered a workable approach. Refunds could be mailed to an employer address, endorsed, and deposited, providing a degree of visibility and control over cash flow under tax equalization arrangements. As paper checks are phased out, that mechanism is becoming less available.

These considerations are amplified at scale. Employers and relocation management companies have relied on paper-based processes to fund and reconcile tax payments across large assignee populations. In the absence of an equivalent bulk electronic refund mechanism, the shift to digital processes may introduce additional administrative complexity.



How digital refunds reshape control, timing, and risk

As the IRS digital transition progresses, two operational realities are becoming more prominent.

First, IRS refunds generally cannot be deposited into employer-owned bank accounts. Direct deposit must be made to an account owned by the taxpayer. As a result, if paper check refunds are phased out, then employers may no longer be able to rely on refund routing as a method of managing settlement outcomes, even when refunds are contractually owed under tax equalization policies.

Second, missing direct deposit information may lead to refund delays. When banking details are not provided, the IRS may pause the refund and issue a CP53E notice requesting action.² Taxpayers typically have 30 days to respond by updating information through an IRS Online Account or by contacting the IRS. If no response is received, then a paper check may be issued after several weeks.

Taken together, these developments may shift both timing and control of refunds away from employers and toward employees, including individuals who may no longer be located in the United States at the time action is required.



IRS online accounts: A necessary tool with practical limits

As part of its digital strategy, the IRS is encouraging taxpayers to create IRS Online Accounts. These accounts allow individuals to view notices, track refunds, and make or cancel payments.

For global mobility populations, online access may become essential. Yet the process is not seamless. Identity verification can be challenging, particularly for foreign nationals, and reliance on online tools does not eliminate the need for clear communication and internal coordination, especially when employer addresses are used for correspondence.

Organizations should expect that IRS Online Accounts will play a larger role going forward, but they should also plan for friction during adoption.



From refund recovery to up-front precision

In a digital-first environment, traditional refund recovery approaches may be phased out. Once refunds are paid directly to employees, recovery may involve additional time, effort, and uncertainty, particularly for former employees or assignees who have repatriated.

As a result, some organizations are reassessing the extent to which refunds arise in the first place. More frequent and precise hypothetical tax and gross-up calculations may help reduce both the frequency and size of refunds by aligning funding more closely with actual tax liability.

This approach may support reduced administrative effort, lower collection risk, and more predictable cash-flow outcomes. It also reflects a shift toward addressing potential settlement challenges earlier in the process rather than managing them after refunds are issued.



² Understanding your CP53E notice | Internal Revenue Service



Preparing for an increasingly digital tax environment

The IRS digital transition reflects a broader evolution in tax administration toward greater use of electronic processes, rather than a short-term or isolated change. While guidance will continue to develop and certain aspects such as the treatment of “international taxpayers” remain subject to clarification, the overall direction toward digital interaction is becoming more established.

In this environment, global mobility leaders may find it helpful to periodically review policies, employee communications, funding approaches, and internal processes to assess how they align with an increasingly digital tax landscape. Organizations that take a considered and proactive approach may be better positioned to manage operational complexity, support cash-flow planning, and maintain a consistent assignee experience as requirements evolve.

As digital processes become more embedded across tax administration, early assessment and incremental adjustments may help reduce disruption and provide greater flexibility over time.

Related resource:

For additional insights, explore the TaxWatch webcast, *How the IRS Digital Transition Affects Global Mobility*, which examines Executive Order 14247, the shift to digital refunds, and implications for global mobility programs. To learn more about the KPMG Global Mobility Services practice, visit read.kpmg.us/GlobalMobilityServices.

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