

TaxNewsFlash

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Trump signs executive orders reconfirming standing hiring freeze for IRS, requiring OIRA review of tax regulations

President Trump yesterday signed an [executive order](#) initiating a “critical transformation of the Federal bureaucracy,” which provides, among other things, that the plan to be submitted by the Director of the Office of Management and Budget (OMB) to reduce the size of the federal government’s workforce—as required under an earlier executive order placing a hiring freeze for federal civilian employees (read [TaxNewsFlash](#))—require that each agency hire no more than one employee for every four employees that depart. However, the order specifically states that such provision does not affect the standing hiring freeze under the earlier executive order as applied to the IRS, which requires that the hiring freeze remain in effect for the IRS until the Secretary of the Treasury, in consultation with the Director of OMB and the Administrator of the United States DOGE Service (USDS), determines that it is in the national interest to lift the freeze.

Additionally, President Trump signed an [executive order](#) intended to “alleviate unnecessary regulatory burdens,” which provides, among other things, that whenever an executive department or agency publicly proposes for notice and comment or otherwise promulgates a new regulation, it must identify at least 10 existing regulations to be repealed. The order also requires that the Secretary of the Treasury Department and the Director of OMB reinstate the “memorandum of agreement” (MOA) between Treasury and OMB dated April 11, 2018, which established a framework for the review of tax regulations by the Office of Information and Regulatory Affairs (OIRA) within OMB. According to the 2018 MOA:

- Tax regulations generally will be subject to review by OIRA if the regulations would: (1) create a “serious inconsistency” with another agency; (2) raise “novel legal or policy issues, such as by prescribing a rule of conduct backed by an assessable payment;” or (3) have an annual non-revenue effect of \$100 million or more, measured against a no-action baseline.
- Tax regulations (described above) will be subject to certain analytical requirements of previous executive orders.
- Treasury will notify OIRA of upcoming planned tax regulatory actions in a quarterly report.
- OIRA generally will complete its review of relevant regulatory actions 45 days after submission of certain information to it.

The Biden Administration had released an MOA between Treasury and OMB dated June 9, 2023, providing that tax regulations would not be subject to OIRA review, superseding and reversing the 2018 MOA. The Trump Administration has now reinstated the OIRA review process for tax regulations issued by the IRS and Treasury.

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