



June 30, 2025

Tyler Curtis
Director, Office of Consumer Policy
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220
<https://www.regulations.gov/docket/TREAS-DO-2025-0004>

Re: Response to the U.S. Department of the Treasury's Request for Information on Executive Order 14247 (March 28, 2025) regarding payments to and from the federal government, Docket No. TREAS-DO-2025-0004, 90 FR 23108 (May 30, 2025)

Dear Director Curtis:

Thank you for the opportunity to respond to the U.S. Department of the Treasury's *Request for Information Regarding the Executive Order "Modernizing Payments To and From America's Bank Account"* (TREAS-DO-2025-0004). PayrollOrg supports the initiative to ensure payments to and from the federal government are electronic and offers some comments to improve processes. These comments are focused on the payment interactions payroll professionals have with the federal government.

About PayrollOrg

PayrollOrg is a nonpartisan, nonpolitical association representing over 20,000 payroll professionals who manage the payroll function for employers of all sizes and industries across the U.S.

PayrollOrg is dedicated to advancing the payroll industry through education, advocacy, networking, and collaboration. Our Government Relations Task Force provides payroll professionals with the opportunity to partner with government to create efficiencies, open doors to new technologies, and provide opportunities for professional growth.

Benefits of Electronic Payments

Submitting and receiving payments electronically can reduce the number of payroll processing tasks, such as check writing, travel to a bank or mailing center, and separate data entry and recordkeeping. By streamlining the process, payments can be made faster to comply with regulatory deadlines and prevent or correct errors. In turn, payroll professionals can receive information electronically that a payment has been received by an agency or deposited in a bank. This is especially important for off-cycle transactions and bulk processing.

Electronic payment processes also reduce the potential for data breaches and fraud. In electronic payments, fewer individuals have access to employer and employee information, including mail handlers internal and external to an employer and federal agency. Employers, agencies, financial institutions, the Automated Clearing House, and Federal Reserve Bank all have systems and processes in place to prevent fraud and data breaches. Systems and processes are continuously updated and tracked. These protections cannot be instituted when payments are processed on paper.

Implementation Recommendations

1. Greater clarity is needed on the purpose of the electronic payments received by employers from the federal government.

When employers receive payments from the federal government, they are not easily identifiable. When the IRS directly deposits funds to an employer's account, there is very little information provided with the payment to understand how to apply the funds. The refund received may be comprised of multiple items or may just be applicable to one overpayment or refund. This requires payroll professionals to conduct a search. In some instances, the search may be extensive, such as when processing of employment tax forms takes months or years. This can occur in complicated situations and can also occur when employment tax forms cannot be fully processed electronically, including electronic signatures.

The IRS is aware of these issues and over the past ten years has worked to improve processes, such as enhancements to online employer transcripts, in which payroll professionals can see if their employers' records are missing information. It is unknown what type of backup or reconciliation data will be received when the electronic refund is received from the IRS and employers may have no option but to obtain transcripts when a refund is received in order to track where and how it was generated.

Some forms can now be signed electronically. However, with limited resources, the IRS has been stymied in creating full electronic processing. For example, the Form 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund*, can now be filed electronically using the Modernized e-File system. However, the IRS cannot fully process the form electronically.

2. When forms are filed on paper, paper checks are also filed.

In 2022, approximately 56 million Forms 941, *Employer's Quarterly Federal Tax Return or Claim for Refund*, were submitted to the IRS in paper format. That number has likely decreased since 2022 with the push for electronic filing but many small employers that do not use third-party vendors for their tax filing still file paper copies with the IRS.

Problems arise regarding paper information form filing and submitting paper checks. When an employer files a federal employment tax form on paper, they are more likely to submit a paper check. This process may be for the convenience of the employer to file the information return and payment together in the same envelope. This also occurs when the form cannot be filed or processed electronically because the agency does not have the capability. Employers will assume that if the information must be filed on paper, the payment should also be submitted on paper, regardless of agency instructions on submitting electronic payments.

In addition, when information returns must be filed on paper, IRS agents may be missing forms or have the forms in an incorrect filing order. Thus, employer tax payments or refund requests may appear inaccurate. To help avoid this problem, employers will submit their payment with the paper information filing.

3. Enrollment in the EFTPS tax payment service is inefficient.

The process to enroll in the Electronic Federal Tax Payment System® (EFTPS) is too complicated. Enrolling in the EFTPS takes up to five days and this time is after the effort to authenticate and obtain a personal identification number (PIN), which takes an additional seven days. Even after enrolling, accessing EFTPS is not easy. After receiving a PIN, the employer must contact the EFTPS service to receive a temporary password, which delays the process further, especially with limited resources for agencies to answer telephone calls and resolve problems. If the user is changed by the employer, much of the process must be repeated.

Some employers cannot enroll in EFTPS because the system requires the signatures of certain corporate officials, which not all employers engage. For example, some small employers do not have the two corporate managers required for authentication in the EFTPS enrollment process.

When employers outsource some or all of their payroll processes to a third party (e.g., reporting agent, payroll service company), payments outside the regular payroll process are too difficult to be managed through the EFTPS process. The IRS's *Electronic Federal Tax Payment System Guide to Getting Started* says:

If you use a payroll company to make some, but not all, of your tax payments, you will need to enroll in EFTPS and initiate the remainder of those payments on your own. Even if you do use a payroll company to pay all of your taxes, it is still a good idea to enroll in EFTPS separately. This allows you to check on and ensure that payments are being made on your behalf. It also provides flexibility if you ever need to change payroll companies in the future.

To use EFTPS, the employer would first need to enroll in EFTPS and identify the third party for the specific outsourced service, and then the third party would need to enroll in EFTPS. Again, any time a user changes, the process must be repeated. This does not allow for timely payment processing.

When an off-cycle payment is required, employers likely need to have their financial institution transmit the payment electronically. This is rarely performed by phone, email, or through an online system. Instead, an authorized individual must go to the bank to have the payment processed. Some financial institutions do not have a physical location near the employer. For example, farmers may be hundreds of miles from their banks.

3. PayrollOrg requests full electronic processing of federal tax levies.

The management of federal tax levies requires delivery by the IRS on paper to a physical mailing address and tax levy payments can only be remitted by employers on paper checks. Many years ago, PayrollOrg, under its former name, American Payroll Association, approached the IRS about the importance of electronic wage levy capabilities to reduce the administrative burden on both employers and the IRS. The IRS's Small Business/Self Employed (SB/SE) Operating Division partnered with PayrollOrg in March 2018 to offer an eFax option for delivering levies. The project, called the "eLevy Initiative for Wage Levies," consisted of employers receiving levies electronically via a fax. Discussions also were held

regarding a second phase for remitting payments electronically. Employers receiving a faxed levy gained some relief from the administrative burden of managing tax levies, but systematically generated levies were not part of the eFax option, which represents the bulk of levies employers receive.

For purposes of considering how to implement an electronic wage levy system, PayrollOrg brings to your attention a system designed and implemented by the federal Office of Child Support Services (OCSS) within the U.S. Department of Health and Human Services. Employers already taking advantage of the OCSS system to receive child support orders and make payments of amounts withheld from employees' wages are well positioned to also accept and transmit wage levies using a similar model.

The OCSS has a system in place for all state child support enforcement agencies to transmit Income Withholding Orders to employers through a federal portal. This process enables participating employers to receive orders electronically. All 50 states accept child support payments through the Automated Clearing House (ACH) network (several of those states mandate electronic payments), thus eliminating the need to print and mail paper checks for child support payments.

PayrollOrg would be pleased to discuss these recommendations further. We can be reached at 202-669-4001 or ajacobsohn@payroll.org.

Sincerely



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