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Federal Order Requires Electronic Tax Payments: No More Mailed Refund Checks. Here's What You Need to Know

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In March 2025, a new Executive Order required all federal tax payments and refunds to be made electronically starting later this year. While the change is designed to increase efficiency, reduce fraud and facilitate quicker processing, it does change the way many of us pay our quarterly tax estimates, tax return payments and how we receive our tax refunds.

WHAT ARE THE NEW REQUIREMENTS AND WHEN DO THEY GO INTO EFFECT?

- **Effective date.** The Executive Order is effective for tax refunds and payments as of Sept. 30, 2025. Please note, this will not impact individual estimated tax payments due Sept. 15, 2025. If you usually mail a check with the voucher, you can continue to do so for this quarter.

- **All tax refunds will be issued electronically.** You can no longer request that your tax refund be sent to you via check. All refunds will be made via direct deposit to the bank account information that you provide when filing your return.

- **All tax return and quarterly estimated payments must be paid electronically.** Mailing of tax return payment vouchers or quarterly estimated tax payment vouchers with checks will no longer be allowed. All payments must be made via electronic submission.

HOW DOES THIS IMPACT ME AND HOW CAN I PREPARE FOR THESE CHANGES?

Over the past several years, the IRS has increased the electronic payment mandate for many types of taxes, and this new Executive Order extends those mandates to individuals too. Fortunately, the IRS provides multiple options for you to securely process the required electronic transactions.

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Receiving electronic tax refunds. Whether working with a tax professional to file your tax return or preparing your tax return yourself using an online tax software program, you have likely seen the option to provide or input your bank information to receive a direct deposit of your tax refund. Alternatively, you have the option to receive your refund by check via mail. Under the new policy, you will have to provide your bank information to receive your refund via direct deposit only.

Estimated tax payments and tax return payments. If you are currently mailing in your quarterly estimated tax payment vouchers or tax return payments with a check, you will need to start making those payments electronically after Sept. 30, 2025. As noted above, third-quarter individual estimated tax payments can still be paid via check and mailed to the IRS since they are due on Sept. 15, 2025. The IRS provides several options for making payments:

- **No account set-up needed:**
  - **Direct Pay from your bank account**
  - **Debit card, credit card or digital wallet (fees will apply)**
- **Account set-up required:**
  - **Individual Online Account (uses ID.me verification)**
  - **EFTPS – Electronic Federal Tax Payment System** (new accounts can take up to five business dates to process)
- **Electronic Funds Transfer (EFT) via tax software program.** You may already be making your tax return payments through your tax software program when filing your return by providing or inputting your bank information. Some programs may allow you to schedule your estimated payments in advance too. Please check with your tax professional or online tax software support to see the options available to you.

We expect that additional guidance on the new electronic payment and refund mandate will be provided as the implementation date gets closer. Additionally, there may be some exceptions to these new requirements. For state payment related rules, please see your particular state's Department of Revenue website for additional guidance. This Executive Order applies to federal tax payments only. As always, your Grimes advisor is here to help if you have questions on implementing the new requirements.

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