

Updates on Litigation over the IRS-ICE Information-Sharing Agreement

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In 2025, the Internal Revenue Service (IRS) and Immigration and Customs Enforcement (ICE) within the Department of Homeland Security (DHS) entered into a [Memorandum of Understanding](#) (information-sharing agreement) to establish procedures between the two agencies to share information for the enforcement of criminal immigration laws. The initiative has been the subject of ongoing legal challenges, both to the information-sharing agreement itself and to the procedure developed by the IRS to process requests for information from ICE ([data-exchange procedure](#)). The primary legal questions in the litigation turn on whether the information-sharing agreement and data-exchange procedure comply with the requirements in Internal Revenue Code (I.R.C.) § 6103(i)(2), which authorizes disclosures of confidential tax return information to certain federal officers and employees for use in nontax criminal enforcement.

With respect to the challenge to the information-sharing agreement itself, on February 24, 2026, the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit) [affirmed](#) the denial of a preliminary injunction that would have placed restrictions on information sharing pursuant to the agreement. A [previous Legal Sidebar](#) discussed the background of the information-sharing agreement, the legal questions at issue in the case (*Centro de Trabajadores Unidos v. Bessent*), and the parties' arguments before the appeals court.

As for the challenges to the data-exchange procedure, to date two federal district courts have each granted injunctions against information sharing pursuant to the agreement. The government [appealed](#) each [injunction](#). On September 8, 2026, the D.C. Circuit [affirmed](#) the U.S. District Court for the District of Columbia's [injunction](#). The appeal of the [injunction](#) by the U.S. District Court for the District of Massachusetts is pending as of the date of this Legal Sidebar.

This Legal Sidebar discusses the reasoning of the D.C. Circuit's decision in *Centro* and legal questions that remain. It discusses the two separate cases in the U.S. District Courts, the injunctions granted in them, and the status of the government's appeals of those injunctions. It focuses on the D.C. Circuit's and the district courts' decisions about the permissibility of the disclosures under the Internal Revenue Code (I.R.C.). Finally, it discusses congressional reactions to the court cases and subsequent developments related to the information-sharing agreement, including the IRS's [admission](#) that it had disclosed information based on incomplete and insufficient address information.

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D.C. Circuit's Decision in *Centro*

The D.C. Circuit [affirmed](#) the district court's [denial](#) of a preliminary injunction to restrain IRS information sharing. As a threshold matter, the court found sufficient [associational standing](#) by at least one of the organizational plaintiffs to allow the case to proceed. Turning to the preliminary injunction factors, the court [held](#) that the plaintiff organizations are unlikely to succeed on the merits. The court found that the information-sharing agreement is not a [reviewable](#) final agency action under the Administrative Procedure Act (APA) because it merely clarifies existing statutory duties and does not create binding legal duties. On the substantive arguments regarding whether disclosures contemplated by the agreement violated the law, the court held that the I.R.C. likely permits the disclosure of tax return information as contemplated by the information-sharing agreement between IRS and ICE.

The D.C. Circuit's opinion agreed with the [government's argument](#) focused on the [plain language](#) of the I.R.C.:

Here, the relevant statutory text is crystal clear. Upon receipt of a [complete request](#) from the proper party, [I.R.C.] § 6103(i)(2) authorizes IRS to disclose “return information *other than taxpayer return information*.” Addresses may only be disclosed if they are *not* “taxpayer return information,” and § 6103(i)(2)(C) specifically confirms that they are not. It states: “[f]or purposes of this paragraph, a taxpayer’s identity *shall not* be treated as taxpayer return information.” . . . So taxpayer address information, as a form of taxpayer identity information pursuant to § 6103(b)(6), is *not* considered taxpayer return information under § 6103(i)(2)(C). Addresses are nontaxpayer return information and can thus be disclosed under § 6103(i)(2). [(emphases added)]

In other words, the court found that the combination of § 6103(i)(2)'s authorization of disclosure of return information “*other than taxpayer return information*” (emphasis added) and § 6103(i)(2)(C)'s exclusion of “a taxpayer's identity” (including a taxpayer's address) from being treated as “taxpayer return information” requires the IRS to provide a taxpayer's address upon receipt of a [satisfactory request](#).

The court [rejected](#) the plaintiff organizations' [legislative intent argument](#) that Congress did not intend for § 6103(i)(2) to be used solely to obtain taxpayer address information from the IRS and at a mass scale. According to the court, the organizations' arguments would read into § 6103(i)(2) requirements that are not in the statute's text, and the court [declined](#) to depart from the plain text. Additionally, the court explained that permitting this disclosure does not run afoul of the [statutory scheme](#) requiring more restricted disclosures under other circumstances. Further, the court said that it need not look to [legislative history](#) when the statutory text is clear, as the court found § 6103(i)(2) to be, and even if it did, the relevant legislative history was inconclusive. Finally, citing *Loper Bright Enterprises v. Raimondo*, the court rejected plaintiffs' reliance on IRS's [previous interpretations](#) of § 6103(i)(2), which the court found to be of limited persuasiveness.

In its analysis, the court [emphasized](#) that § 6103(i)(2) does not authorize limitless disclosures of tax return information but instead imposes strict requirements for making requests, specifically, who can make a request, how, and for what reasons. Quoting the statutory text, the court [stated](#),

The information may only be disclosed to government “[officers and employees](#)” who are “[personally and directly engaged](#)” in preparing for a court or administrative proceeding, in an investigation that may result in such a proceeding, or in a grand jury proceeding. . . . And the official must submit a request, in writing, that provides IRS with the taxpayer's name and address, . . .

Referencing the admission, discussed below, by the IRS of disclosures based on incomplete and insufficient address information, the court stated that it was only considering the [facial challenge](#) to the information-sharing agreement that the plaintiffs had brought, not an as-applied challenge (a claim arguing that the way the law as administered is unlawful) as to how the information has been shared, which was not before it.

Injunctions by Two U.S. District Courts

While the D.C. Circuit was considering the preliminary injunction in *Centro*, the U.S. District Courts for the [District of Columbia](#) and the [District of Massachusetts](#) each [granted](#) separate [injunctions](#) preventing information sharing and use pursuant to the agreement.

Center for Taxpayer Rights v. IRS (District of Columbia)

In this [case](#), the plaintiffs [argued](#) that implementation of the information-sharing agreement through a data-exchange procedure developed by IRS is contrary to law and [asked](#) the court to stay the policy under the APA and enjoin IRS from sharing tax return information pursuant to it. Neither ICE nor its parent agency DHS is a [defendant](#) in the suit. The court distinguished the case from *Centro*, [stating](#), “*Centro* analyzed the [agreement] on its face, while [*Center for Taxpayer Rights*] has analyzed the [agreement] as it was applied.”

Among many arguments alleging the policy’s contravention of the statute, the plaintiffs [pointed to](#) the requirement in § 6103(i)(2)(A) that the disclosure be to officers and employees “[personally and directly engaged](#)” in a nontax criminal investigation or proceeding and “[solely](#)” for those purposes. At a hearing on the motion for preliminary injunction, the government [told](#) the judge that one ICE employee received the approximately 47,000 responses to that agency’s request for 1.28 million taxpayers’ records. The plaintiffs [argued](#) that “given the scale of this request, ICE could not have identified in its request the specific personnel who are ‘personally and directly engaged in’ each one of this many purported investigations,” adding that § 6103(i)(2) “does not permit the IRS to disclose information to a receiving agency liaison or data analyst, to be further passed along at the receiving agency’s discretion.” The government [responded](#) that “[a] law enforcement agency officer or employee could be ‘personally and directly’ engaged in an investigation that starts with a high-level view of agency data.”

On November 21, 2025, the court stayed the policy under the APA and [preliminarily enjoined](#) the IRS from further sharing tax return information with ICE under § 6103(i)(2) “except in strict compliance with the requirements of that Section, including that the recipients of the information be ‘officers and employees of [the receiving] agency who are personally and directly engaged in’ a relevant nontax criminal investigation or proceeding and that the recipients will use the information ‘solely for’ that criminal investigation or proceeding” (brackets in original). In its opinion, the court [explained](#) that the words “personally,” “directly,” and “engaged,” as they are used in § 6103(i)(2)(A), are narrow in scope and preclude passive involvement, such as relaying taxpayer information. The government [appealed](#) the decision to the [D.C. Circuit](#).

On September 8, 2026, a panel for the D.C. Circuit [affirmed](#) the injunction. As a threshold matter, the court [held](#) that the data-exchange procedure implemented by the IRS, described in more detail below, is a final agency action subject to APA review. The court distinguished the data-exchange procedure from the information-sharing agreement considered in *Centro*, [explaining](#) that the procedure’s departure from the requirements of the agreement made it a final agency action. The court also [found](#) that the plaintiffs are likely to succeed on the merits in demonstrating that the data-exchange procedure violates § 6103(i)(2). The court stated that the procedure likely violates the law for at least two reasons. [First](#), the procedure “does not require ICE to submit any address of the taxpayer in its request for information about that taxpayer,” whereas § 6103(i)(2) explicitly [requires](#) the “address of the taxpayer” for exchange of the taxpayer’s data. [Second](#), the court found that the data-exchange procedure fails to limit the disclosure to only individuals “[personally and directly engaged](#)” in the criminal proceeding or investigation, as required by the statute.

***Community Economic Development Center of Southeastern Massachusetts v. Bessent* (District of Massachusetts)**

The plaintiffs in *Community Economic Development Center* asked the U.S. District Court for the District of Massachusetts to enjoin the defendants, including IRS, ICE, the Social Security Administration, and DHS, from implementing the information-sharing agreement. The plaintiffs' arguments in this case largely mirror those in *Center for Taxpayer Rights*—including that disclosures under the information-sharing agreement are not to an employee “personally and directly engaged” in the criminal investigation or proceeding for which the information was requested.

On January 27, 2026, the court denied an injunction against the IRS, taking judicial notice of the injunction already in place in *Center for Taxpayer Rights* and finding that the plaintiffs could not demonstrate irreparable harm while the IRS is enjoined from implementing the policy. On February 5, 2026, the court preliminarily enjoined ICE and DHS “from inspecting, viewing, using, copying, distributing, relying on, or otherwise acting upon any return information” disclosed through the information-sharing agreement. The government has appealed the injunction. As of the writing of this Legal Sidebar, the appeal is still pending before the U.S. Court of Appeals for the First Circuit. Oral argument is scheduled for October 7, 2026.

The Data-Exchange Procedure and Admission by the IRS of Disclosures Based on Incomplete and Insufficient Address Information

On February 11, 2026, the government filed notices in each of the three aforementioned cases that IRS had made disclosures based on incomplete and insufficient address information. As the accompanying declaration from IRS's Chief Risk and Control Officer explained, IRS received requests from ICE for the last known addresses for approximately 1.28 million individuals identified in a datafile. The datafile included “fields” that purported to show the individuals' names, taxpayer identification number (TIN), and address. From the datafile, IRS attempted to match the individuals with individuals in its records using a data-exchange procedure. Among two matching methods, the IRS attempted to match through matching TINs. As the declaration explained,

For individuals in the Datafile with a number in the ICE-supplied social security number (“SSN”) field, IRS disclosed a last known address when the ICE-supplied first name, last name, and SSN fields matched with a name and associated TIN in IRS's records. A TIN is an identification number used by IRS in the administration of the tax laws. It is an umbrella term for, among other things, a SSN, and individual taxpayer identification number.

In other words, if IRS matched a name and TIN, it disclosed a last known address without cross-checking the address field in the datafile supplied by ICE. The address field supplied by ICE merely had to supply a five- or nine-digit number as a proxy for a zip code.

Of the approximately 1.28 million individuals whose last known address was requested from ICE, IRS disclosed 47,289 last known addresses; 42,695, or 90.3%, of those were matched by TIN. After disclosure, IRS learned that in the ICE-supplied datafile, some of the purported addresses in the address field of the TIN-matched individuals were incomplete or insufficient, such as showing “Unknown Address” or missing a street name or street number. The declaration estimated that less than 5% of the 47,289 individuals for whom IRS provided ICE a last known address had potentially incomplete or insufficient ICE-provided address information.

After the notice was filed in *Center for Taxpayer Rights*, the plaintiffs filed a [motion](#) in the district court for an [indicative ruling](#) to indicate that, if the court had jurisdiction, it would supplement the record on appeal with the IRS's new declaration and also reopen discovery. In an [order](#) on February 26, 2026, the district court indicated it would supplement the record with the declaration if it had jurisdiction and would only reopen discovery if the court of appeals agrees "that it would be useful to its decision." The district court explained that the IRS's admission

is a significant development in this case. Not only does it confirm the Court's finding that the IRS violated [I.R.C.] Section 6103(i)(2) by disclosing thousands of confidential taxpayer addresses to ICE without first determining that ICE's request included the "[address of the taxpayer](#)," but it reveals that the IRS provided confidential taxpayer addresses to ICE in response to requests from ICE that the IRS now admits were legally deficient.

Details about the data-exchange procedure were further developed in [documents](#) provided as part of the record provided to the D.C. Circuit for consideration of the appeal in *Center for Taxpayer Rights*. The D.C. Circuit [mooted](#) a motion to reopen discovery in its September 8 opinion affirming the district court's injunction, citing an agreement by the parties at oral argument to supplement the record with the declaration.

Congressional Issues and Oversight

The developments in the litigation on the information-sharing agreement between IRS and ICE discussed in this Legal Sidebar have elicited responses from Congress. On February 12, 2026, eight senators signed a [letter](#) to IRS and DHS expressing concern about the revelations in the IRS declaration and asking for details about the disclosures and the agencies' responses to them. On the same day, minority members of the House Ways and Means Committee sent a [letter](#) asking the Treasury Inspector General for Tax Administration to investigate the disclosures. On March 3, 2026, a [resolution](#) was introduced to require the Department of the Treasury and DHS to provide the House with records regarding the data-sharing agreement.

On March 4, 2026, the House Ways and Means Committee held a [hearing](#) with the IRS Chief Executive Officer (CEO). Ranking Member Richard E. Neal [alluded](#) to the indicative ruling in *Center for Taxpayer Rights* in his opening statement. The IRS CEO was later [asked](#) multiple [times](#) about [disclosure](#) of taxpayer addresses to immigration officials and compliance with the injunctions in *Center for Taxpayer Rights* and *Community Economic Development Center*. The IRS CEO generally responded by declining to comment, [citing](#) ongoing litigation. He appeared to start to [mention](#) the D.C. Circuit's decision in *Centro* in reference to a question about the lawfulness of the disclosures and alluded to certain "[mandatory responsibilities](#)" to share data.

As discussed in a [previous Legal Sidebar](#) on *Centro*, if it wished to do so, Congress could [consider](#) amending § 6103(i)(2) to address arguments the courts are considering in the litigation.

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