

Treasury Inspector General for Tax Administration

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2023	FY 2024	FY 2025	FY 2024 to FY 2025	
	Operating Plan	Annualized CR	Request	\$ Change	% Change
Audit	\$65,123	\$65,123	\$66,897	\$1,774	3%
Investigations	\$109,127	\$109,127	\$112,129	\$3,002	3%
Subtotal, TIGTA	\$174,250	\$174,250	\$179,026	\$4,776	3%
Offsetting Collections - Reimbursable	\$408	\$750	\$750	\$0	0%
Recovery from Prior Years	\$139	\$198	\$0	(\$198)	-100%
Unobligated Balances Brought Forward	\$4,800	\$5,000	\$5,000	\$0	0%
IRA Funding Usage	\$21,504	\$43,700	\$39,800	(\$3,900)	-9%
Subtotal Other Resources	\$26,851	\$49,648	\$45,550	(\$4,098)	-8%
Total Budgetary Resources	\$201,101	\$223,898	\$224,576	\$678	0%
Direct FTE	645	650	650	0	0%
Reimbursable FTE	2	2	2	0	0%
IRA Funding FTE	60	139	142	3	2%
Total Full-time Equivalents (FTE)	707	791	794	3	0%

FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals.

Table does not include \$8M in funding provided through the ARP Act of 2021 (P.L. 117-2), which was available for expenditure through FY 2023, of which \$.7M was obligated in FY 2023

Summary

The Treasury Inspector General for Tax Administration's (TIGTA) Fiscal Year (FY) 2025 Budget Request of \$179,026,000 represents an increase of three percent above its FY 2023 enacted budget level. These resources will fund critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation's system of tax administration.

TIGTA's Offices of Audit (OA), Inspections and Evaluations (OIE), and Investigations (OI) will use Inflation Reduction Act (IRA) funds for enhanced oversight of Internal Revenue Service (IRS) operations, to include taxpayer services, enforcement, operations support, business systems modernization, and reporting requirements.

TIGTA's vision is to "maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration." TIGTA will provide oversight in critical areas including:

- Investigating unauthorized access to, and disclosure of, taxpayer information;
- Assessing the IRS's efforts to manage its transformation efforts, including processes to monitor and measure implementation and delivery of specific initiatives in its Strategic Operating Plan;
- Identifying opportunities to improve the administration of the Nation's tax laws, improve tax compliance, and achieve program efficiencies and cost savings;
- Evaluating the IRS's efforts to design and deliver modern technology platforms that center

around data and applications, with natively integrated protective and detective security controls to prevent the unauthorized disclosure of taxpayer information;

- Overseeing the IRS's efforts to implement tax law changes, including monitoring the IRS's efforts to timely process taxpayer correspondence and meet customer service demands and assessing the IRS's efforts to address tax-related identity theft;
- Protecting the integrity of the IRS by effectively investigating individuals and groups who victimize vulnerable Americans through an IRS impersonation scam;
- Conducting advanced analytics and innovative approaches to help prevent and detect the flow of dollars fraudulently obtained by criminals;
- Enhancing taxpayer confidence in electronic Federal tax systems through investigation and prosecution of cyber criminals engaged in attacks against, and manipulation of, IRS taxpayer service portals as well as the IRS network;
- Improving the integrity of IRS operations by detecting and deterring waste, fraud, abuse, and misconduct. This includes the unauthorized disclosure of confidential tax information by IRS employees; and
- Conducting comprehensive audits, inspections, and evaluations that provide recommendations for achieving monetary benefits; in addition to addressing erroneous and improper payments while enhancing the services that the IRS provides to taxpayers.

TIGTA conducts audits and inspections and evaluations that advise the public, Congress, the Secretary of the Treasury, and IRS management of high-risk issues, problems, and deficiencies related to the administration of IRS programs and operations. TIGTA's administrative and criminal investigations ensure the integrity of IRS operations, protect the IRS and its employees, and help the IRS protect and secure taxpayer data. TIGTA's OIE provides responsive, timely, and cost-effective inspections and evaluations of challenging areas in IRS programs. TIGTA's oversight is essential to the efficiency and fairness of the IRS's tax administration system.

TIGTA's primary functions of audit, investigations, and inspection and evaluations align with the following Department of the Treasury FY 2022 – 2026 Strategic Plan goals:

Goal 1: Promote Equitable Economic Growth and Recovery;

Goal 2: Enhance National Security;

Goal 4: Combat Climate Change; and

Goal 5: Modernize Treasury Operations.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	650	\$174,250
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$4,776
Pay Annualization (2024 5.2% average pay raise)	0	\$1,842
Pay Raise (2025 2.0% average pay raise)	0	\$2,153
Non-Pay (2025 2.2% non-pay inflation)	0	\$781
Subtotal Changes to Base	0	\$4,776
FY 2025 Current Services	650	\$179,026
FY 2025 President's Budget Request	650	\$179,026

Budget Adjustments

Maintaining Current Levels (MCLs)..... +\$4,776,000/ +0 FTE

Pay Annualization, (5.2% in 2024) +\$1,842,000/ +0 FTE,

Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise, (2.0% in FY 2025) +\$2,153,000/ +0 FTE

Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay, (2.2% in FY 2025) +\$781,000/ +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Legislative Proposals

TIGTA has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
		Actual	Actual	Actual	Target	Target
Audit	Percentage of Audit Products Delivered When Promised to Stakeholders	93	92	87	DISC	DISC
Audit	Percentage of New Audit Reports with Recommendations to Improve Tax Administration	82	84	88	DISC	DISC
Audit	Percentage of Reports Delivered When Promised to Stakeholders	N/A	N/A	N/A	70	80
Audit	Percentage of Reports with Recommendations to Improve Tax Administration	N/A	N/A	N/A	70	75
Investigations	Percentage of Closed Investigations Resulting in a Criminal, Administrative or Law Enforcement Action	90	89	88	79	79

Key: DISC – Discontinued; N/A – Not Applicable

Description of Performance

- In FY 2023, OA and OIE issued 103 final audit reports and other products which reported potential financial benefits totaling \$6.7 billion and impacting approximately 6.2 million taxpayer accounts.

- In FY 2023, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 87 percent. TIGTA exceeded the full-year target by 17 percentage points.
- For FY 2024, OA's performance targets are 70 percent of Audit Products Delivered When Promised to Stakeholders and 70 percent of New Audit Reports with Recommendations to Improve Tax Administration.
- In FY 2022, OI transitioned to a performance model that placed greater emphasis on investigations with significant impact on Federal tax administration. These cases are often lengthier and require more time sensitive engagement from OI staff.
- From FY 2014 through FY 2023, TIGTA processed more than 15,359 threat-related complaints and investigated more than 9,865 threats against the IRS. TIGTA's OI expects threat-related incidents to rise as the IRS increases staffing and enforcement as outlined in the IRA.
- Since March 2020, OI has reallocated resources to provide investigative oversight of programs and operations resulting from the Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act. During FY 2023, these cases represented 34 percent of OI's investigative work hours. From March 2020 to September 2023, these investigative efforts resulted in the initiation of 1,439 investigations, 673 indictments, 265 individuals sentenced to approximately 750 years of incarceration, and more than \$160 million in monetary recoveries and penalties.
- Using investigative activities from FY 2022 and FY 2023 as a baseline, OI projects approximately 1,615 actionable outcomes will result from investigations in FY 2025.
- In FY 2023, the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action was 88 percent, which exceeded the full-year target of 79 percent by 9 percentage points.