

Department of the Treasury
Treasury Inspector General for
Tax Administration

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2025

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Section I – Budget Request

A – Mission Statement

Provide quality professional audit, investigative, and inspection and evaluation services that promote integrity, economy, and efficiency in the administration of the Nation’s tax system.

B – Summary of the Request

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. Funding TIGTA’s FY 2025 budget request will enable TIGTA to conduct critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation’s Federal tax system.

In accordance with the requirements of Section 406(g)(1) of the Inspector General Act of 1978 (as amended),¹ TIGTA submits the following information related to its FY 2025 budget request:

- The aggregate budget request for TIGTA operations is \$179,026,000;
- The portion of the request needed for TIGTA training is \$1,800,000; and
- The portion of the request needed to support the Council of the Inspectors General on Integrity and Efficiency is \$716,104.

Funding allows TIGTA’s oversight efforts to continue, and for each dollar invested over the five-year period covering FY 2019 – FY 2023, TIGTA produced an average annual return of \$40 per dollar spent.

1.1 – Appropriations Detail Table

Dollars in Thousands

Treasury Inspector General for Tax Administration Appropriated Resources	FY 2023		FY 2024		FY 2025		FY 2024 to FY 2025	
	Operating Plan		Annualized CR		Request		% Change	
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Audit	271	\$65,123	292	\$65,123	292	\$66,897	0.0%	2.7%
Investigations	374	\$109,127	358	\$109,127	358	\$112,129	0.0%	2.8%
Subtotal New Appropriated Resources	645	\$174,250	650	\$174,250	650	\$179,026	0.0%	2.7%
Other Resources								
Reimbursables	2	\$408	2	\$750	2	\$750	0.0%	0.0%
Recoveries from Prior Years	0	\$139	0	\$198	0	\$0	0.0%	-100.0%
Unobligated Balances from Prior Years	0	\$4,800	0	\$5,000	0	\$5,000	0.0%	0.0%
IRA Funding Usage	60	\$21,504	139	\$43,700	142	\$39,800	2.2%	-8.9%
Subtotal Other Resources	62	\$26,851	141	\$49,648	144	\$45,550	2.1%	-8.3%
Total Budgetary Resources	707	201,101	791	223,898	794	224,576	0.4%	0.3%

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

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

¹ 5 U.S.C. § 406(g)(1).

1.1.B – IRA Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2022 Enacted*	FY 2022 Actual Obligations	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
Inflation Reduction Act Oversight and Implementation	403,000	-	21,504	43,700	39,800
FTE	0	0	60	139	142

*Reflects the \$1.4 billion recession per the Fiscal Responsibility Act, P.L. 118-5.

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

- Assess 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;
- Oversee the IRS’s efforts to deliver high quality and timely service to taxpayers and stakeholders and help them understand and meet their tax obligations;
- Evaluate 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;
- Oversee the IRS’s efforts to fully staff its operation with personnel who have the skills and knowledge to effectively perform the duties of the position;
- Oversee the IRS’s process of planning, directing, and controlling financial resources, minimizing audit disparities; and maintaining equity in its enforcement activities; and
- Assess the IRS’s efforts to provide adequate security for its employees and facilities.

TIGTA’s OI expects that IRS efforts to implement IRA provisions will necessitate significant investigative oversight. As the IRS on-boards new staff, implements new provisions, and expands existing programs, OI expects increasing activity in oversight areas, including threats against IRS staff and infrastructure, abuse of position allegations, impersonation schemes, and bribery efforts. TIGTA’s OI also anticipates a significant increase in workload as the IRS deploys additional online resources to enable taxpayers to obtain information related to their Federal tax accounts and respond to IRS notices and letters. Investigative oversight is expected to increase in other areas tangential to IRS’s staff increase, such as employee misconduct, embezzlement, and unauthorized access. The demand for these investigative capabilities will be dependent on the method and speed of IRS implementation efforts.

1.2 – Budget Adjustments Table

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

C – Budget Increases and Decreases Description

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.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	\$84,501	\$86,501	\$88,956
11.3 - Other than full-time permanent	\$397	\$412	\$424
11.5 - Other personnel compensation	\$9,789	\$10,027	\$10,313
11.9 - Personnel Compensation (Total)	\$94,687	\$96,940	\$99,693
12.0 - Personnel benefits	\$42,653	\$43,734	\$44,976
Total Personnel and Compensation Benefits	\$137,340	\$140,674	\$144,669
21.0 - Travel and transportation of persons	\$3,318	\$3,318	\$3,383
22.0 - Transportation of things	\$0	\$40	\$41
23.1 - Rental payments to GSA	\$5,960	\$8,775	\$8,975
23.2 - Rental payments to others	\$208	\$207	\$212
23.3 - Communications, utilities, and miscellaneous charges	\$686	\$687	\$703
24.0 - Printing and reproduction	\$0	\$0	\$0
25.1 - Advisory and assistance services	\$3,143	\$3,144	\$3,216
25.2 - Other services from non-Federal sources	\$813	\$659	\$674
25.3 - Other goods and services from Federal sources	\$13,316	\$10,796	\$11,042
25.4 - Operations and maintenance of facilities	\$1	\$1	\$1
25.7 - Operation and maintenance of equipment	\$2,234	\$1,908	\$1,962
26.0 - Supplies and materials	\$320	\$320	\$327
b31.0 - Equipment	\$7,191	\$4,361	\$4,459
32.0 - Land and structures	\$3	\$3	\$3
42.0 - Insurance claims and indemnities	\$1	\$1	\$1
91.0 - Unvouchered	\$11	\$106	\$108
Total Non-Personnel	\$37,205	\$34,326	\$35,107
Total Obligations	\$174,545	\$175,000	\$179,776
Full-time Equivalents (FTE)	647	652	652

Amounts reflect actual and anticipated obligations of annually appropriated resources, carryover balances, reimbursables and transfers.

Table includes \$8M in funding provided through the ARP Act of 2021 (P.L. 117-2), which was available for expenditure through FY 2023, in which \$.7M was obligated in FY 2023.

Table excludes \$403M in funding provided through the Inflation Reduction Act (P.L. 117-169), which is available for expenditure through FY 2031, in which \$21.5M was obligated in FY 2023.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p data-bbox="370 275 873 415">DEPARTMENT OF THE TREASURY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION <i>Federal Funds</i></p> <p data-bbox="418 457 808 489">SALARIES AND EXPENSES</p> <p data-bbox="203 531 1024 1041"><i>For necessary expenses of the Treasury Inspector General for Tax Administration in carrying out the Inspector General Act of 1978, as amended, including purchase and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services authorized by 5 U.S.C. 3109, at such rates as may be determined by the Inspector General for Tax Administration; \$179,026,000, of which \$5,000,000 shall remain available until September 30, 2026; of which not to exceed \$6,000,000 shall be available for official travel expenses; of which not to exceed \$500,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General for Tax Administration; and of which not to exceed \$1,500 shall be available for official reception and representation expenses.</i></p> <p data-bbox="203 1083 1024 1325">Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.</p>	

E – Legislative Proposals

TIGTA has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

TIGTA, an independent office within the Department of the Treasury, was established by Congress under the Internal Revenue Service Restructuring and Reform Act of 1998.² It provides oversight of IRS programs and operations by conducting independent audits, investigations, and inspections and evaluations necessary to prevent and detect waste, fraud, and abuse in IRS programs and operations. TIGTA conducts audits, inspections, and evaluations of IRS programs and operations and makes recommendations designed to improve the administration of the Federal tax system. TIGTA also conducts administrative and criminal investigations into allegations of waste, fraud, and abuse while helping to ensure that the IRS protects and secures taxpayer data. TIGTA has the unique responsibility of protecting the IRS and its employees.

TIGTA's primary functions of investigations, audits, 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.

TIGTA's Strategic Goals:

- Goal 1: Promote the Economy, Efficiency, and Effectiveness of Federal Tax Administration;
- Goal 2: Protect the Integrity of Federal Tax Administration from Internal and External Threats; and
- Goal 3: Sustain an Inclusive Work Environment Where Employees are Valued.

Goal 1: Promote the Economy, Efficiency, and Effectiveness of Federal Tax Administration.

TIGTA's audits, investigations, and inspections and evaluations identify opportunities to improve the administration of the Nation's tax laws. TIGTA's comprehensive independent audits of IRS programs and operations focus on mandated reviews and high-risk management and performance challenges that confront the IRS. These audits address a variety of IRS issues relating to security of taxpayer data and user authentication, tax systems, implementation of tax laws, tax compliance, meeting customer service demands, and improper payments. TIGTA's recommendations not only result in cost savings, but have other quantifiable impacts, such as revenue protection, improving IRS systems and operations, and ensuring fair and equitable treatment of taxpayers.

² Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2, 5, 16, 19, 22, 23, 26, 31, 38, and 49 U.S.C.).

Goal 2: Protect the Integrity of Federal Tax Administration from Internal and External Threats.

The successful operation of the Federal Government depends on an effective, efficient, and equitable tax system. During these times of extraordinary demand on Federal resources, Americans must have confidence that their tax dollars are being fairly assessed and collected, and that tax laws are uniformly and impartially enforced. TIGTA is committed to supporting and working with the IRS, Congress, and other stakeholders to ensure that these goals are achieved. Consistent with this commitment, TIGTA is constantly striving to carry out its statutory mandate to detect and prevent waste, fraud, and abuse in IRS programs and operations. TIGTA also undertakes investigative initiatives designed to protect the IRS against external threats that could impede the efficient and effective administration of its operations. These investigative initiatives identify individuals who perpetrate violence against IRS employees, or who otherwise could pose a threat to the safety of IRS employees, facilities, or data infrastructure. TIGTA provides crucial intelligence to help IRS officials make anticipatory or proactive operational decisions about potential terrorist attacks or other activities that could pose a threat to IRS systems, operations, and people.

Goal 3: Sustain an Inclusive Work Environment Where Employees are Valued.

TIGTA recognizes that the key driving forces in a successful organization are the knowledge, skills, and abilities of its employees. This recognition is supported by sustaining an inclusive work environment where employees are valued. Accordingly, TIGTA's employees play a critical role in the organization's growth and performance. TIGTA is committed to promoting a workplace environment devoted to operational excellence and supporting the development of a highly skilled and valued workforce. One benchmark for measuring TIGTA's success in achieving its strategic goal of being an organization that values its people is its consistently high placement in the Partnership for Public Service's "Best Places to Work" rankings. In 2022, for instance, TIGTA placed 109th out of 432 subcomponent agencies.

B – Budget and Performance by Budget Activity

2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	\$62,676	\$65,308	\$63,863	\$64,468	\$58,275	\$65,123	\$66,897
Reimbursable Resources	\$0	\$88	\$4	\$1	\$0	\$61	\$61
Unobligated Balances from Prior Years	\$1,947	\$1,908	\$1,389	\$549	\$1,728	\$1,832	\$1,832
IRA Funds Usage	NA	NA	NA	\$0	\$10,426	\$16,016	\$14,586
Budget Activity Total	\$64,623	\$67,304	\$65,256	\$65,018	\$70,429	\$83,032	\$83,376
Full-time Equivalents (FTE)	328	323	328	315	317	354	356

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of Audit Products Delivered When Promised to Stakeholders	84	79	93	92	87	70	DISC	N/A
Percentage of New Audit Reports with Recommendations to Improve Tax Administration	N/A	81	82	84	88	70	DISC	N/A
Percentage of Reports Delivered When Promised to Stakeholders	N/A	N/A	N/A	N/A	N/A	N/A	70	80
Percentage of Reports with Recommendations to Improve Tax Administration	N/A	N/A	N/A	N/A	N/A	N/A	70	75

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

Audit Budget and Performance

(\$66,897,000 from direct appropriations, \$61,000 from reimbursable sources):

TIGTA's OA and OIE strive to promote the economy, efficiency, and effectiveness of tax administration. TIGTA provides recommendations to improve IRS systems and operations and to ensure the fair and equitable treatment of taxpayers. TIGTA's comprehensive and independent performance and financial audits and evaluations of the IRS's programs and operations primarily address statutorily mandated reviews and high-risk challenges the IRS faces. Due to the increase in mandatory reporting requirements which may result in audit reports without recommendations, TIGTA's performance goal was set at 70 percent. In FY 2023, TIGTA's OA will issue reports addressing over 20 mandatory reporting requirements, as well as ad hoc congressional requests. These mandatory requirements represent over 25 percent of TIGTA's annual report inventory.

After the IRA was signed into law, TIGTA developed a comprehensive strategy to ensure adequate oversight of the approximately \$78 billion in funding available to the IRS over the next decade. For example, TIGTA will oversee whether the IRS can deliver on its goals to improve customer service during the 2024 filing season. This includes monitoring tax processing backlogs, the level of telephone service, in-person help at taxpayer assistance centers, online notices and the implementation of a free, direct electronic-filing system.

TIGTA will play a key role in ensuring that the IRS does not increase audits beyond historical levels for households or small businesses earning less than \$400,000. TIGTA will also continue evaluating IRS efforts to sustain and improve taxpayer compliance because small declines in compliance cost the Nation billions of dollars in lost revenue and further

exacerbate the tax gap. TIGTA's efforts will help ensure that IRS resources are focused on audits of high-wealth individuals and businesses noncompliant with the tax laws.

Changes in tax legislation necessitate extensive TIGTA oversight to ensure they are accurately implemented. For instance, the IRA has numerous tax provisions for new and expanded energy credits for homeowners, businesses, vehicles, fuel, manufacturing, etc. It also modifies and extends several credits, including the tax credit for nonbusiness energy property, the new energy efficient home credit, and the tax credit for alternative refueling property expenditures. The IRA also increases the amount allowed for certain small business credits. These tax law changes resulted in the creation or revision of 24 tax forms, updates to 29 tax form instructions, and the creation of three publications for the 2023 filing season. Further, the IRS will need to modify 20 information technology systems (for tax return processing and compliance activities) to ensure that the systems can accommodate new and revised tax forms.

The IRS continually faces increased cyberattacks and in 2022, it sustained an average of 2.4 million attacks per day.³ Many of these attempts are sophisticated in nature or represent advanced, persistent threats. TIGTA's OA plays a role in assessing the actions that the IRS takes to protect its infrastructure and reduce the risk of internal and external attacks on IRS assets that could potentially expose taxpayer data and information.

TIGTA will continue to evaluate IRS efforts to modernize its operations, in addition to assessing whether user authentication for online services is secure to prevent the unauthorized disclosure of taxpayer information.

In addition to OA's FY 2023 audits, OIE performed several in-depth reviews of management issues that were of interest to its stakeholders. For example, OIE assessed the National Research Program to ensure specific taxpayers had not been unfairly targeted for audit. OIE also performed evaluations of the IRS's efforts to meet Filing Season 2023 milestones and a snapshot of IRS spending on IRA initiatives. Lastly, OIE performed physical security reviews and an assessment regarding the IRS's preparedness for an active shooter incident to ensure that the IRS is taking appropriate action to safeguard employee safety.

The IRS's implementation of recommendations has resulted in:

- Cost savings;
- Increased protected revenue;
- Protection of taxpayers' rights and entitlements; and
- More efficient use of resources.

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

³ Written Testimony of Charles P. Rettig, IRS Commissioner, before the House Ways and Means Committee, Subcommittee on Oversight on the Filing Season and IRS (October 12, 2022).

Description of Performance:

TIGTA uses the following performance measures to gauge the success of its audit program:

- **Percentage of Audit Products Delivered When Promised to Stakeholders.**

TIGTA's products have a more significant impact if they are delivered when needed to support congressional and IRS decision-making. To determine whether products are timely, TIGTA tracks the percentage of products that are delivered on or before the date promised (contract date). At the end of FY 2023, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 87 percent, which exceeded the full-year target of 70 percent. TIGTA exceeded this target because of ongoing supervisory monitoring of the execution of audits to ensure timely delivery of audit products to stakeholders. Due to the expansion of OIE, TIGTA will be changing this performance measure in FY 2024 to include the percentage of both OA and OIE products that are delivered when promised to stakeholders.

- **Percentage of New Audit Reports with Recommendations to Improve Tax Administration.**

This measure includes the number of new audit reports issued during the reporting period that contain TIGTA's recommendations to improve the economy and efficiency of IRS programs and operations. These recommendations enhance management practices and procedures, offer ways to better use agency funds, and question actual expenditures. To determine the percentage of new reports with recommendations to improve tax administration, TIGTA compares the total number of new audit reports issued to IRS management during the reporting period that contained recommendations for IRS action to the total number of all new audit reports issued to IRS management during the reporting period. In FY 2023, the actual Percentage of New Audit Reports with Recommendations to Improve Tax Administration was 88 percent, which exceeded the full-year target of 70 percent. Due to the expansion of OIE, TIGTA will be changing this performance measure in FY 2024 to include the percentage of both OA and OIE new reviews performed in compliance with standards that contain recommendations to improve tax administration.

2.1.2 – Investigations Resources and Measures

Dollars in Thousands

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Resource Level	Actual	Actual	Actual	Actual	Actual	Annualized CR	Request
Appropriated Resources	\$106,866	\$106,143	\$108,158	\$111,274	\$111,061	\$109,127	\$112,129
Reimbursable Resources	\$797	\$536	\$498	\$492	\$408	\$689	\$689
Unobligated Balances Brought Forward	\$3,053	\$3,104	\$2,340	\$920	\$3,072	\$3,168	\$3,168
IRA Funds Usage	\$0	\$0	\$0	\$0	\$11,079	\$27,684	\$25,214
Budget Activity Total	\$110,716	\$109,783	\$110,996	\$112,686	\$125,620	\$140,668	\$141,200
Full-time Equivalents (FTE)	415	403	409	387	390	437	438

Performance Measure	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2023	FY 2024	FY 2025
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Percentage of Closed Investigations Resulting in a Criminal, Administrative or Law Enforcement Action	91	92	90	89	88	79	79	79

Investigations Budget and Performance

(\$112,129,000 from direct appropriations, \$689,000 from reimbursable sources):

TIGTA is statutorily mandated to protect the integrity of Federal tax administration, and it accomplishes this mission through the investigative work that OI conducts. Through its investigative programs, OI protects the integrity of the IRS and its ability to collect revenue owed to the Federal Government by investigating violations of criminal and civil law that adversely affect Federal tax administration, as well as administrative misconduct by IRS employees, which undermines the integrity of the Nation's voluntary tax system. TIGTA's OI focuses on three primary areas of investigative responsibility:

- Employee integrity;
- Employee and infrastructure security; and
- External attempts to corrupt tax administration.

Within each primary area of investigative responsibility, OI uses a case initiation priority model to triage those investigations that have the greatest impact on IRS operations and/or the protection of Federal tax administration. These cases are often lengthier and require more time-intensive engagement from OI staff. TIGTA's OI conducts investigations with the intent of securing an actionable outcome, such as a criminal, civil, or administrative action.

TIGTA's OI performance model uses a ratio of those investigations with actionable outcomes calculated as a percentage of the total number of investigations conducted. Due to numerous uncontrollable variables, not all investigations result in an actionable outcome. These performance measures guide OI's activities and demonstrate the value of TIGTA's investigative accomplishments to its external stakeholders. The FY 2025 target for this measure is 79 percent.

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. The target ratio of 79 percent of investigations with actionable outcomes will be maintained in FY 2025 to appropriately reflect the changing and unpredictable investigative landscape introduced by the expansion of IRS operations resulting from the IRA. Based on the total investigative hours logged in FY 2022 and FY 2023, OI invested an average of 332 hours to successfully generate an actionable outcome.

OI expects employee integrity investigations, including the unauthorized access and disclosure of Federal tax information, to increase in FY 2025 as the IRS increases staffing levels in response to the \$80 billion made available to the IRS by the IRA. Examples of FY 2023 employee integrity investigations include:

- An IRS employee sentenced to over 4 years imprisonment and ordered to pay \$191,597 in restitution following convictions for preparing and filing false tax returns for other individuals, underreporting their own taxable income, and committing wire fraud and aggravated identity theft.
- An IRS employee sentenced to 14 months imprisonment for illegally selling morphine and contributing to the death of a co-worker.
- An IRS employee was indicted for conveying false or misleading information specifically

that bombs would go off in an IRS building, pled guilty to damage to Government property and was sentenced to 5 years of probation and ordered to pay \$91,493 in restitution.

- A former IRS contractor was sentenced to 5 years imprisonment and 3 years of supervised release for disclosing thousands of Americans' federal tax returns and other private financial information to multiple news organizations.⁴

TIGTA has a statutory responsibility to identify, investigate, and respond to threats against IRS personnel and physical infrastructure. 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 to meet customer service and enforcement objectives in response to IRA. An example of a FY 2023 threat-related investigation involved a six-count indictment of an individual who mailed communications to the IRS, threatening to harm several individuals.

TIGTA's OI also investigates criminal activity involving the IRS, such as the impersonation of an IRS employee, cybercrime, identity theft, IRS-related Treasury payment fraud, and procurement fraud. Since March 2020, OI has reallocated resources to provide investigative oversight of programs and activities resulting from the CARES Act and the ARP 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 for those investigations that have processed through the judicial system. Many of the 1,439 investigations initiated are still active investigations and have not been presented to a grand jury for indictment. In FY 2023, TIGTA OI also recovered approximately \$180 million in stolen, altered, and forged Treasury payments. In addition, during the first nine weeks of FY 2024, TIGTA OI recovered an additional \$167 million of stolen, altered, and forged Treasury payments.

IRS impersonation investigations remain a high priority for OI. Since the IRS impersonation scam's inception, 300 individuals have been charged in Federal court for violation of various Federal statutes related to the scam. Additionally, the 218 subjects sentenced to date have collectively received a total of more than 1,002 years imprisonment and have been ordered to pay financial restitution totaling more than \$239.9 million.

In FY 2023, one notable TIGTA investigation resulted in a subject receiving 20 months imprisonment, along with three years of supervised release. The subject was also ordered to pay approximately \$3.2 million in restitution for his involvement in an IRS telemarketing scheme. Recent examples of investigations involving external attempts to corrupt Federal tax administration include:

- An investigation in which a company agreed to pay \$1.75 million to settle civil fraud allegations that the company improperly obtained government contracts.

⁴ The facts in the summarized investigative cases on this page come from court documents of the respective jurisdictions.

- An investigation that resulted in a subject being sentenced to 34 years imprisonment after he compromised the IRS's online electronic portals, including the Electronic Filing PIN application, resulting in the filing of 1,701 false returns that claimed \$9.1 million in Federal tax refunds.
- An investigation in which a U.S. citizen and a People's Republic of China (PRC) citizen were charged with acting and conspiring to act in the United States as unregistered agents of the PRC Government; in addition to conspiring to bribe, bribing a public official, and conspiracy to commit money laundering.

Description of Performance:

TIGTA uses the following performance measure to gauge the success of its investigations program:

- Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action.

At the end of FY 2023, performance of this measure was 88 percent, which exceeded the full-year target of 79 percent. OI exceeded the FY 2023 target because of the diligent work of experienced executives, managers, special agents, and administrative staff.

TIGTA OI will continue to provide the IRS with the investigative coverage and information necessary to improve the integrity of IRS operations and mitigate threats against IRS employees, facilities, and data infrastructure. In addition, OI will maintain highly trained personnel to address the significant vulnerabilities impacting taxpayer and IRS data and effectively combat compromises of IRS computer systems in the expanding digital environment of Federal tax administration. TIGTA OI's contributions in these areas help to maintain the public's confidence in the safe, fair, and effective administration of the Federal tax system.

Section III – Additional Information

A – Summary of Capital Investments

TIGTA has no major information technology (IT) investments.

Noteworthy FY 2024 and FY 2025 IT initiatives:

- Continue to fund existing contracts. This will continue to improve IT service delivery and the end-user experience.
- Effectively secure, monitor, defend, and modernize the TIGTA IT enterprise.
- Migrate on-premises infrastructure to cloud platforms, where efficiency, scalability, and cost-efficiency is obtained.
- Strengthen cybersecurity measures to protect against evolving threats and ensure that TIGTA complies with data privacy requirements. This includes requirements to continue implementing and operating the Executive Order 14028, Improving the Nation's

Cybersecurity, along with new mandates that may arise to protect TIGTA's information systems. This will ensure that TIGTA effectively secures and defends the TIGTA IT enterprise while optimizing business capabilities.

- Continue to implement Legacy System Modernization. Modernize outdated systems to reduce technical debt and improve operational efficiency. When retiring systems and applications, savings in licenses, hardware, and other costs will be documented. TIGTA will also develop a decommissioning strategy to phase out legacy on-premises systems as they are replaced by cloud-based solutions.

A summary of capital investments, including major information technology and non- technology investments can be accessed at: <https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>