

Department of the Treasury  
Treasury Inspector General for  
Tax Administration

Congressional Budget  
Justification

FY 2026

## Table of Contents

<b>Section I – Budget Request.....</b>	<b>3</b>
A – Mission Statement.....	3
B – Summary of the Request .....	3
Table 1.1 – Appropriations Detail .....	3
Table 1.1.X – IRA Appropriations Detail.....	4
Table 1.2 – Budget Adjustments.....	5
C – Budget Increases and Decreases Description.....	5
Table 1.3 – Object Classification (Schedule O) Obligations.....	8
D – Appropriations Language and Explanation of Changes .....	9
E – Legislative Proposals.....	9
<b>Section II – Additional Information.....</b>	<b>9</b>
A – Summary of Capital Investments .....	9
<b>Comments of the Acting Treasury Inspector General for Tax Administration on the     FY 2026 Proposed Funding Level .....</b>	<b>11</b>

## 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 President’s Fiscal Year (FY) 2026 budget request of \$137,661,000 represents a decrease of 20 percent below its FY 2025 enacted budget level. Funding the President’s FY 2026 budget request will enable the Treasury Inspector General for Tax Administration (TIGTA) to conduct some critical audit, investigative, and inspection and evaluation services to protect the integrity of the nation’s federal tax system. Funding allows TIGTA’s oversight efforts to continue, and for each dollar invested over the past 25 years, TIGTA produced an average annual return of \$102 per dollar spent. However, a proposed 20 percent funding cut would reduce funding to its lowest level since FY 2007 and require TIGTA to absorb 18 years of accumulated payroll and non-payroll inflationary increases.

In accordance with the requirements of Section 406(g)(1) of the Inspector General Act of 1978 (as amended),<sup>1</sup> TIGTA submits the following information related to the President’s FY 2026 budget request:

- The aggregate budget request for TIGTA operations is \$137,661,000;
- 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 \$550,644.

**Table 1.1 – Appropriations Detail**

Dollars in Thousands

Appropriated Resources	FY 2024 Operating Plan		FY 2025 Operating Plan		FY 2026 Request		FY 2025 to FY 2026 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>New Appropriated Resources</b>								
Audits	290	\$63,268	287	\$62,994	201	\$44,110	-30.0%	-30.0%
Investigations	352	\$109,240	347	\$109,514	314	\$93,551	-9.5%	-14.6%
<b>Subtotal New Appropriated Resources</b>	<b>642</b>	<b>\$172,508</b>	<b>634</b>	<b>\$172,508</b>	<b>515</b>	<b>\$137,661</b>	<b>-18.8%</b>	<b>-20.2%</b>
<b>Other Resources</b>								
Reimbursables	2	\$434	2	\$750	2	\$750	0.0%	0.0%
Recoveries from Prior Years	0	\$839	0	\$635	0	\$0	NA	-100.0%
Unobligated Balances from Prior Years	0	\$4,996	0	\$5,000	0	\$5,000	NA	0.0%
IRA Funding Usage	125	\$36,791	129	\$49,795	143	\$53,554	10.9%	7.5%
<b>Subtotal Other Resources</b>	<b>127</b>	<b>\$43,060</b>	<b>131</b>	<b>\$56,180</b>	<b>145</b>	<b>\$59,304</b>	<b>10.7%</b>	<b>-5.6%</b>
<b>Total Budgetary Resources</b>	<b>769</b>	<b>215,568</b>	<b>765</b>	<b>\$228,688</b>	<b>660</b>	<b>\$196,965</b>	<b>-13.7%</b>	<b>-13.9%</b>

<sup>1</sup> FY 2024 Other Resources and Full-time Equivalents (FTE) reflect actuals.

<sup>2</sup> IRA provided \$403 million to TIGTA. The table above shows TIGTA’s planned usage by fiscal year.

<sup>1</sup> 5 U.S.C. § 406(g)(1).

**Table 1.1.X – IRA Appropriations Detail**

Dollars in Thousands

Budgetary Resources	FY 2022 Enacted*	FY 2023 Actual Obligations	FY 2024 Actual Obligations	FY 2025 Estimated Obligations	FY 2026 Estimated Obligations
Inflation Reduction Act Oversight and Implementation	\$403,000	\$21,504	\$36,791	\$49,795	\$53,554
<b>FTE</b>	<b>0</b>	<b>60</b>	<b>125</b>	<b>129</b>	<b>143</b>

**Note:** Outyear spending is expected to be consistent with the FY 2026 levels and taper down as IRA programs sunset.

TIGTA’s Offices of Audit (OA), Investigations (OI), Inspections and Evaluations (OIE), and Data Analytics (ODA) will use IRA funds to provide enhanced oversight of IRS operations, to include taxpayer services, enforcement, operations support, and business systems modernization. TIGTA will use IRA funds to:

- Oversee the IRS’s efforts to deliver 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 process of planning, directing, and controlling financial resources;
- Ensure the IRS treats all taxpayers fairly; and
- Assess the IRS’s efforts to provide adequate security for its employees and facilities.

TIGTA’s OI expects that changes underway at the IRS will result in increased activity in oversight areas, including threats against IRS staff and infrastructure, abuse of position allegations, impersonation schemes, bribery efforts, embezzlement, and unauthorized access. 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.

**Table 1.2 – Budget Adjustments**

Dollars in Thousands

	FTE	Amount
<b>FY 2025 Enacted</b>	<b>634</b>	<b>\$172,508</b>
<b>Changes to Base:</b>		
Other Adjustments:	(112)	(\$27,104)
Workforce Reshaping	(112)	(\$27,104)
Maintaining Current Levels (MCLs):	0	\$700
Pay Annualization (FY 2025 2.0% average pay raise)	0	\$700
Subtotal Changes to Base	(112)	(\$26,404)
<b>FY 2026 Current Services</b>	<b>522</b>	<b>\$146,104</b>
Program Changes:		
Program Decreases	(7)	(\$8,443)
Audit and Investigations Staff Reductions	(7)	(\$1,720)
Operational Reductions	0	(\$6,723)
Subtotal Program Changes	(7)	(\$8,443)
<b>FY 2026 President's Budget Request</b>	<b>515</b>	<b>\$137,661</b>

**C – Budget Increases and Decreases Description****Other Adjustments.....-\$27,104,000/-112 FTE****Workforce Reshaping -\$27,104,000/-112 FTE**

At the start of FY 2025, TIGTA had 800 employees on board which corresponded to 765 annualized FTE. Throughout this fiscal year at the direction of Treasury and in response to various workforce Executive Orders, TIGTA implemented workforce reshaping strategies to align with the President's priorities. These strategies include a hiring freeze (excluding law enforcement positions with an approved exception), a rescission of pending job offers, the cancellation of active job announcements, two iterations of the Deferred Resignation Program, employee terminations, an assessment of position management, and the identification of Posts of Duty for closure.

To meet the FY 2026 President's Budget funding level, additional significant staff reductions would be required which TIGTA anticipates would further impact critical mission programs as identified in decreases outlined below.

**Maintaining Current Levels (MCLs).....+\$700,000/+0 FTE****Pay Annualization (2.0% in 2025) +\$700,000/+0 FTE**

Funds are required for annualization of the January 2025 2.0% average pay raise.

**Program Decreases.....-\$8,443,000/-7 FTE****Audit and Investigations Staff Reductions -\$1,720,000/-7 FTE**

The President's Budget request would require TIGTA to reduce its FTE cumulatively by 119 compared to the FY 2025 initial Financial Plan. This includes the assumption that TIGTA's IRA funding will still be available in FY 2026. Were TIGTA to lose the IRA funding, the agency would have to further reduce staffing by 145 FTE. This would significantly impact TIGTA's ability to conduct critical IRS oversight.

At the 2026 Budget level, TIGTA estimates it would need to reduce audit budget activity by 87 FTE, a reduction of 30 percent from the FY 2025 level. This would result in approximately 35

fewer reviews in FY 2026 and significantly reduce recommendations to improve IRS systems, operations, and services to taxpayers.

TIGTA's OA and OIE strive to prevent wasteful spending by promoting the economy, efficiency, and effectiveness of tax administration. TIGTA's comprehensive performance and financial audits and evaluations of IRS programs and operations primarily address statutorily mandated reviews, high-risk challenges, and emerging issues.

TIGTA recommendations not only result in substantial cost savings to the Government, but have other quantifiable impacts, such as improving IRS systems and operations and ensuring fair treatment of taxpayers. TIGTA estimates that for every auditor lost, potential cost savings will decline by \$21.8 million, for a total loss of \$1.9 billion each year. Additionally, the FY 2026 Budget level would result in 1.2 million fewer taxpayers impacted by TIGTA's recommendations. For example, TIGTA's work identifies instances where taxpayers may not have received monies to which they are entitled and makes recommendations to remedy them.

In addition, last fiscal year, TIGTA had more than 50 reviews that could not be conducted because of resource limitations. With recent reductions in staffing due to workforce optimization initiatives, TIGTA anticipates a decrease in oversight reports issued this fiscal year. Further, TIGTA expects to see significant tax reform legislation passed in FY 2025, which will require enhanced monitoring to ensure appropriate implementation.

Last year, TIGTA issued 98 final reports and other products, which reported potential financial benefits totaling approximately \$6.9 billion and impacting approximately 5.6 million taxpayer accounts.

TIGTA would attempt to limit FTE losses to criminal investigators (special agents) to 15 FTE. Investigative professional staff (non-special agents) would need to be reduced by 12 FTE, for a total reduction of 27 FTE in OI. On average, each special agent returns approximately \$755,000 in restitution, fines, and court costs. Reducing special agents by 15 will result in a decreased return of approximately \$11.3 million each year. On average, each special agent works 18 investigative cases, resulting in 270 fewer investigative cases annually.

TIGTA investigators identify those who perpetrate violence against IRS employees, or who could pose a threat to the safety of IRS employees, facilities, or data infrastructure. A loss of special agents directly reduces TIGTA's ability to timely respond to these threats. The risk associated with this reduction could result in physical harm and/or the loss of life. Given ongoing and anticipated reductions in force, the Department, TIGTA, and IRS leadership have expressed concerns about insider threats. TIGTA also anticipates that reductions in IRS staffing will result in decreased taxpayer services, which historically has resulted in increased threats to IRS personnel, facilities, and infrastructure.

TIGTA investigations secure outcomes such as criminal, civil, or administrative actions. Last year, TIGTA secured one of these outcomes in 83 percent of its cases, exceeding its goal of 79 percent. For example, TIGTA recovered or protected from loss approximately \$2.5 billion in stolen, altered, and forged Treasury payments.

At FY 2026 Budget level, TIGTA estimates approximately 1,200 actionable outcomes will result from investigations in FY 2026, a decrease from 1,615 in FY 2025.

In addition to the losses in OA, OI, and OIE, the proposed President's Budget would result in a reduction of 22 support staff in various offices. TIGTA support staff are necessary to meet our law enforcement and statutory responsibilities. To sustain the proposed reduction, TIGTA will explore the use of expanded shared services provided by the Treasury or other federal agencies as they become available.

#### Operational Reductions -\$6,723,000/-0 FTE

While TIGTA expects limited reductions to rent where consolidation or elimination of offices is possible, most of these reductions will be made in staff training and travel. TIGTA primarily uses travel for the purposes of fulfilling its statutory mission. For example, audit and evaluation staff routinely travel to IRS sites to interview staff, inspect facilities, and conduct site visits. Investigative staff travel to conduct interviews and surveillance, serve warrants, and respond to threats against IRS employees.

These reductions will also inhibit TIGTA's ability to modernize its information technology (IT) infrastructure, some of which is past the end of life and must be updated. In addition, TIGTA's systems to support data analytics were scheduled for an upgrade, which would have to be postponed. This could directly impact TIGTA's ability to accomplish its mission.

**Table 1.3 – Object Classification (Schedule O) Obligations**

Dollars in Thousands

Object Classification	FY 2024 Actual Obligations	FY 2025 Estimated Obligations	FY 2026 Estimated Obligations
11.1 - Full-time permanent	87,411	87,180	69,832
11.3 - Other than full-time permanent	571	568	352
11.5 - Other personnel compensation	9,788	9,724	7,778
<b>11.9 - Personnel Compensation (Total)</b>	<b>97,770</b>	<b>97,472</b>	<b>77,962</b>
12.0 - Personnel benefits	43,351	43,288	34,674
<b>Total Personnel and Compensation Benefits</b>	<b>\$141,121</b>	<b>\$140,760</b>	<b>\$112,636</b>
21.0 - Travel and transportation of persons	3,510	2,907	1,163
22.0 - Transportation of things	1	41	0
23.1 - Rental payments to GSA	7,182	8,184	7,790
23.2 - Rental payments to others	278	278	278
23.3 - Communications, utilities, and miscellaneous charges	672	672	672
24.0 - Printing and reproduction	0	0	0
25.1 - Advisory and assistance services	1,577	1,577	946
25.2 - Other services from non-Federal sources	798	798	599
25.3 - Other goods and services from Federal sources	12,182	12,786	11,507
25.4 - Operation and maintenance of facilities	1	0	1
25.7 - Operation and maintenance of equipment	1,262	1,262	757
26.0 - Supplies and materials	369	369	185
31.0 - Equipment	3,491	3,491	1,746
42.0 - Insurance claims and indemnities	0	2	2
91.0 - Unvouchered	130	130	130
<b>Total Non-Personnel</b>	<b>\$31,453</b>	<b>\$32,497</b>	<b>\$25,775</b>
<b>Total Obligations</b>	<b>\$172,574</b>	<b>\$173,257</b>	<b>\$138,411</b>
<b>Full-time Equivalents (FTE)</b>	<b>644</b>	<b>636</b>	<b>517</b>

Amounts reflect obligations of annually appropriated resources and reimbursables. Supplemental funding is excluded. Table excludes \$403M in funding provided through IRA, which is available through FY 2031, in which \$36,791M was obligated in FY 2024.

**D – Appropriations Language and Explanation of Changes**

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION <i>Federal Funds</i> <i>SALARIES AND EXPENSES</i></p> <p><i>For necessary expenses of the Treasury Inspector General for Tax Administration in carrying out chapter 4 of title 5, United States Code, 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; \$137,661,000, of which \$5,000,000 shall remain available until September 30, 2027; 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>Note.—This account is operating under the Full-Year Continuing Appropriations and Extensions Act, 2025 (Division A of Public Law 119–4).</p>	

**E – Legislative Proposals**

TIGTA has no legislative proposals.

**Section II – Additional Information**

---

**A – Summary of Capital Investments**

TIGTA has no major IT investments.

FY 2026 IT initiatives:

- Effectively secure, monitor, defend, and modernize the TIGTA IT enterprise;
- Optimize business capabilities through effective cross-functional collaboration and by improving IT service delivery and the end user experience;
- Strengthening cybersecurity measures to protect against evolving threats and ensure that TIGTA complies with data privacy requirements. Ensure that TIGTA effectively secures and defends the TIGTA IT enterprise while optimizing business capabilities; and
- Foster accountability, transparency, and financial stewardship of IT investments by ensuring investments align and fully support statutory requirements for TIGTA.

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>.

### **Comments of the Acting Treasury Inspector General for Tax Administration on the FY 2026 Proposed Funding Level**

Under section 406(g) of the Inspector General Act of 1978, as amended, the Acting Treasury Inspector General for Tax Administration submitted TIGTA's FY 2026 budget request to Treasury, outlining the resources essential to support TIGTA's oversight mission. The Acting Treasury Inspector General for Tax Administration also provides the following comments regarding the President's proposed FY 2026 budget and its impact on TIGTA's ability to carry out its Congressionally mandated mission:

The President's FY 2026 Budget reduces TIGTA's funding to \$138 million, which is \$63 million less than TIGTA's initial request and \$41 million less than TIGTA's revised request. If not for available IRA funds, funding and staffing at the proposed level would substantially inhibit TIGTA from executing its statutorily mandated mission. TIGTA would be forced to reduce staffing and operations beyond what it has already undertaken in FY 2025 – just as the IRS is undergoing critical modernization efforts, staff reductions, and the loss of institutional knowledge and resources.

TIGTA's work plays a crucial role in supporting the President's priorities of eliminating fraud, waste, and abuse from Government programs and protecting taxpayer dollars. TIGTA oversees IRS programs and operations by performing independent audits, investigations, and inspections and evaluations. TIGTA also has the unique responsibility of protecting the IRS and its employees.

It is important to recognize that any cost and staffing reductions must be carefully weighed against their potential negative impact to our mission to reduce fraud, waste, and abuse. As previously mentioned in this Congressional Budget Justification, the proposed FY 2026 budget would require TIGTA to significantly reduce audit, inspection and evaluation staff which would result in approximately 35 fewer reviews. This reduction would come at a time of increased risk at the IRS, which, if anything, warrants additional oversight. In addition to mitigating risk, TIGTA has a proven track record of delivering substantial savings for the American taxpayer.

Over the course of its 25-year history, TIGTA has delivered an average annual return of \$102 for every dollar invested in it. The proposed reduction in funding, especially within TIGTA's audit and investigative functions, would have significant impacts on the agency's ability to provide independent oversight of the IRS.

In FY 2024, TIGTA recommended changes to the IRS that, if implemented, are estimated to generate \$6.9 billion in total financial benefits and positively impact 5.6 million taxpayers. For example, TIGTA's oversight helps ensure that taxpayers are treated fairly and only pay what they owe. Furthermore, based on internal risk identification processes, in FY 2024 alone, TIGTA identified more than 50 additional reviews that could not be conducted due to resource constraints.

In addition to audits, TIGTA conducts administrative and criminal investigations into fraud, waste, and abuse involving IRS programs and operations while helping to ensure that the IRS protects and secures taxpayer data. TIGTA also has the unique responsibility of protecting the IRS, its employees, and facilities from threats. A loss of special agents directly reduces TIGTA's ability to timely respond to these threats. TIGTA's Office of Investigations has also demonstrated a significant return on investment in recent years. For example, the Office:

- Identified a massive fraud scheme, which without TIGTA's intervention, would have resulted in payment of approximately \$3.5 billion in improper tax credits.
- Recovered more than \$1 billion in stolen Treasury checks in response to pervasive schemes to steal and sell checks on the dark web.

In addition to investigative accomplishments protecting revenue, TIGTA plays an important role in investigating, and deterring, those who seek to steal taxpayer information. For example, a former IRS contractor was sentenced to five years in prison for disclosing thousands of tax returns without authorization.<sup>2</sup> Due to statutory restrictions which protect access to taxpayer information, TIGTA was the only agency with the authority to investigate the case. TIGTA relentlessly investigates individuals who illicitly access and disclose taxpayer information.

Lastly, TIGTA is in the process of making significant upgrades to its information technology infrastructure, including strengthening our cybersecurity posture to protect taxpayer data, and overhauling how we store, access, and analyze large data sets that serve as the bedrock for our audits and investigations. With the proposed budget, TIGTA is approaching the threshold at which we would no longer be able to maintain a secure and functioning information technology environment.

---

<sup>2</sup> The facts in the summarized investigative cases on this page comes from court documents of the respective jurisdictions.