

Treasury Inspector General for Tax Administration

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2025 Operating Plan	FY 2026 Enacted	FY 2027 Request	FY 2026 to FY 2027 \$ Change	FY 2026 to FY 2027 % Change
Audit	\$62,994	\$60,252	\$50,269	(\$9,983)	-17%
Investigations	\$109,514	\$104,748	\$87,392	(\$17,356)	-17%
Subtotal, Treasury Inspector General for Tax Administration	\$172,508	\$165,000	\$137,661	(\$27,339)	-17%
Reimbursables	\$1,035	\$750	\$750	\$0	0%
Resources from Prior Years	\$556	\$0	\$0	\$0	NA
Unobligated Balances from Prior Years	\$5,000	\$5,000	\$5,000	\$0	0%
IRA Funding Usage	\$42,734	\$53,554	\$67,349	\$13,795	26%
Subtotal Other Resources	\$49,325	\$59,304	\$73,099	\$13,795	23%
Total Budgetary Resources	\$221,833	\$224,304	\$210,760	(\$13,544)	-6%
Direct FTE	640	602	508	(94)	-16%
Reimbursable FTE	3	2	2	0	0%
IRA Funding FTE	121	109	229	120	110%
Total Full-time Equivalents (FTE)	764	713	739	26	4%

FY 2025 Other Resources and Full-time Equivalents (FTE) reflect actuals.

Summary

The President's Fiscal Year (FY) 2027 budget request of \$137,661,000 represents a decrease of 17 percent below the FY 2026 Enacted budget level. Funding the President's FY 2027 budget request will enable the Treasury Inspector General for Tax Administration (TIGTA) to conduct critical audit, investigative, 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 over \$100 per dollar spent. TIGTA could sustain approximately 760 Full-time Equivalents (FTE) with Inflation Reduction Act of 2022 (IRA) multi-year funding in FYs 2026 and 2027, with a gradual reduction in headcount using temporary, term, and other time-limited hiring appointments before the funding expires in FY 2031.

TIGTA conducts audits, inspections, and evaluations that advise the public, Congress, the Secretary of the Treasury, and Internal Revenue Service (IRS) management of high-risk issues, problems, and deficiencies related to the administration of IRS programs and operations. TIGTA provides responsive, timely, and cost-effective inspections and evaluations of challenging areas in IRS programs. 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 oversight is essential to the efficiency and fairness of the IRS's tax administration system.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2026 Enacted	602	\$165,000
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$354
Pay Annualization (2026 1.0% average pay raise)	0	\$354
Subtotal Changes to Base	0	\$354
FY 2027 Current Services	602	\$165,354
Program Changes:		
Program Decreases	(94)	(\$27,693)
Audit and Investigations Staff Reductions	(94)	(\$20,966)
Operational Reductions	0	(\$6,727)
Subtotal Program Changes	(94)	(\$27,693)
FY 2027 President's Budget Request	508	\$137,661

Budget Adjustments

Maintaining Current Levels (MCLs)+\$354,000 / +0 FTE

Pay Annualization (1.0% in 2026) +\$354,000 / +0 FTE

Funds are requested for annualization of the January 2026 1.0% average pay raise.

Program Decreases-\$27,693,000 / -94 FTE

Audit and Investigations Staff Reduction -\$20,966,000 / -94 FTE

Under the FY 2027 President's Budget, TIGTA would need to reduce staffing levels funded by the annual account by 94 FTE, with the reduction offset by charging FTE to the IRA account. This includes the assumption that TIGTA's IRA funding will remain available in FY 2027. Were TIGTA to lose the IRA funding, staffing would be further reduced.

Operational Reductions -\$6,727,000 / -0 FTE

TIGTA plans to reduce staff travel and contracts related to IT modernization and plans to offset those reductions with IRA funds. If IRA funds were to become unavailable, TIGTA would be unable to modernize its information technology (IT) infrastructure, some of which is past the end of life.

Legislative Proposals

TIGTA has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Target	FY 2027 Target
Audit	Percentage of Reports Delivered When Promised to Stakeholders	NA	86	87	75	75
Audit	Percentage of Reports with Recommendations to Improve Tax Administration	NA	83	77	75	75
Investigations	Percentage of Closed Investigations Resulting in Criminal, Administrative or Law Enforcement Action	88	83	87	79	79

Key: NA – Not Applicable

Description of Performance

- In FY 2025, TIGTA’s Offices of Audit, and Inspections and Evaluations issued 90 final reports and other products, which reported potential financial benefits and potential total cost savings of approximately \$1.1 billion.
- In FY 2025, the actual Percentage of Reports Delivered When Promised to Stakeholders was 87 percent. TIGTA exceeded the full-year target by 12 percentage points.
- The actual Percentage of Reports with Recommendations to Improve Tax Administration was 77 percent.
- From April 1, 2025, through September 30, 2025, TIGTA’s Office of Investigations received more than 2,500 complaints/allegations against IRS (1,439) and non-IRS (1,098) employees, investigated 648, referred to IRS 855, and closed 1,034.
- In FY 2025, the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action was 87 percent, which exceeded the full-year target of 79 percent by eight points.

Comments of the Principal Deputy Inspector General, Performing the Duties of the Treasury Inspector General for Tax Administration on the FY 2027 Proposed Funding Level

Under section 406(g) of the Inspector General Act of 1978, as amended, Principal Deputy Inspector General, performing the duties of the Treasury Inspector General for Tax Administration, submitted TIGTA’s FY 2027 budget request to Treasury, outlining the resources essential to support TIGTA’s oversight mission. The Principal Deputy Inspector General provides the following comments regarding the President’s FY 2027 proposed budget and its impact on TIGTA’s ability to carry out its Congressionally mandated mission:

The President’s FY 2027 Budget reduces TIGTA’s funding to \$137.6 million, which is \$27.3 million less than TIGTA’s FY 2026 appropriation (a decrease of 17 percent). Funding at the proposed level reduces TIGTA’s appropriated budget to the lowest level since 2007 and if not for available IRA funds, would substantially inhibit our ability to execute statutorily mandated audits and investigations. Since the start of 2025, TIGTA has lost more than 130 FTE (or 17 percent) through workforce reshaping efforts and natural attrition, which has significantly

impacted agency operations. If not for IRA funding, TIGTA would be forced to reduce staffing and operations beyond what it has undertaken in FYs 2025 and 2026.

It is important to recognize that any cost and staffing reductions must be carefully weighed against their potential negative impact to our statutorily mandated mission to reduce fraud, waste, and abuse. As outlined in this Congressional Budget Justification, the proposed FY 2027 budget would require TIGTA to significantly reduce audit, inspection, and evaluation staff were it not for IRA funding. We estimate these proposed reductions would result in a 35 percent decrease in TIGTA's programmatic oversight activities. 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 26-year history, TIGTA has delivered an average annual return of \$100 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 FYs 2024 and 2025, TIGTA recommended changes to the IRS that, if implemented, are estimated to generate nearly \$8 billion in total financial benefits and positively impact millions of 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, thus far in FY 2026 alone, TIGTA identified more than 50 additional audits, inspections and evaluations that could not be conducted due to resource constraints.

In addition to oversight reviews, 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:

- After identifying over \$541 million in U.S. Treasury checks which were identified as stolen, altered, counterfeited, or otherwise obtained through fraudulent means, OI collaborated with the Bureau of the Fiscal Service to cancel over \$325 million of those checks. As part of this initiative, TIGTA proactively partnered with over 1,000 financial institutions and developed a process to perform check verifications on over 20,000 IRS refund-related U.S. Treasury checks.
- Provided oversight on over \$4 billion in IRS contracts and grants, resulting in a review of over 220 contracts and grants for indicators of fraud. One investigation led to a settlement agreement with a Maryland-based information technology business which agreed to pay at least \$14.75 million to resolve allegations that it violated the False Claims Act.

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. 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 continuing to overhaul how we store, access, and analyze large data sets that serve as the bedrock for our audits and investigations. With the proposed budget, absent IRA funding, TIGTA would approach the threshold at which we would no longer be able to maintain a secure and functioning information technology environment. This could directly impact TIGTA's ability to accomplish its mission.