

Department of the Treasury
Internal Revenue Service

(IRS)

Capital Investment Plan

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Note to Reviewers: Consistent with the corresponding Summary of Capital Investments table, the columns included in the investment tables below are defined as:

- FY 2025 Actuals – Total actual obligations.
- FY 2026 Estimated Obligations – Anticipated obligations from all budgetary resources (e.g., balances from prior years, user fees, and FY 2025 Operating levels).
- FY 2027 Estimated Obligations – Anticipated obligations from all budgetary resources (e.g., balances from prior years, user fees, and FY 2027 President’s budget).

Major IT Investments

Case Management

Description:

Case Management includes case initiation, case work (selection, assignment, administration, tracking, and closure), and case reporting and analytics to resolve a broad range of cases that now require a combination of IRS business personnel and electronic workflows. This Investment covers a cross-cutting business area that comprises of policy, programmatic, and managerial support functions necessary to IRS operations for cases that could originate in other business areas including data retrieval from systems such as the Integrated Data Retrieval System.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	151.31	95.44	144.03	48.59	50.90%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	84.82	127.17	118.75	-8.41	-6.62%
Total Obligations	236.12	222.61	262.78	40.17	18.05%

Purpose, Accomplishments, Future Objectives:

The purpose of Case Management (CM) is to provide a single, service-wide case management system with access to taxpayer data and standard business processes across the IRS resulting in expedient resolution of taxpayer cases. CM incorporates the Enterprise Case Management (ECM), Customer Relationship Management (CRM), and Integrated Data Retrieval System (IDRS) systems.

Enterprise Case Management (ECM):

ECM modernizes case management processes and systems in a simplified technical environment to provide top quality service while empowering employees to resolve cases. ECM leverages an enterprise solution, including a Case Management (CM) platform, for streamlining case and workload management, digitizes case information, provides business automation, and increases resource alignment across IRS, resulting in improved customer service, reducing the timeframe for case resolution, and enabling the retirement of legacy case management systems.

Customer Relationship Management (CRM):

The vision of the Customer Relationship Management (CRM) Program is to modernize the taxpayer and employee experience by transforming taxpayer-facing business processes via a centralized low-code platform and cross-functional operating model that is business demand driven, enables a robust developer experience, and accelerates time-to-market of new IRA aligned capabilities.

Integrated Data Retrieval System (IDRS):

Integrated Data Retrieval System (IDRS) is a secure, reliable, flexible, and mission-critical system consisting of databases and programs supporting IRS employees who are working active tax cases. IDRS manages data retrieved from the Tax Master Files allowing over 60,000 IRS employees who use it daily to take actions on specific taxpayer account issues, track status and post updates back to the Master Files. IDRS provides for systemic review of case status, reducing staffing needs and providing consistency in case control.

The anticipated benefits include significant cost reductions and a simplification of maintenance tasks. By centralizing the enterprise-wide technology platform, CM is streamlined, redundancies are minimized, and overall cost of ownership decreases. In addition, automation (to include the Integrated Data Retrieval System (IDRS) modernization efforts) and readily accessible data (providing a 360-degree view of each taxpayer), together with standardized business processes, notably reduce the time required to resolve cases. Lastly, the technology platform enhances taxpayer interactions through the integration of digital services and self-service options with case management. Thus, it allows for a more dynamic and flexible interaction experience, making the resolution process more effective and efficient for all parties involved.

Accomplishments and Future Objectives: ECM

FY 2025 Accomplishments:

- Exam 1040: Modernized Small Business Self Employed (SBSE) Field exams with automation for case closure, data augmentation, letters, and return viewing; enabled admin-configured workflows.
- Innocent Spouse: Digitized 14,000 relief requests (35,937 tax periods). Introduced two-way communication, automated workflows, and improved date tracking.
- Collection – Virtual Trust Fund Recovery Program (VTFRP): Digitized processes to identify responsible parties, assess penalties, and manage collections. (pilot)
- CMAP: Retired Entellitrak by migrating Voluntary Disclosure Program (VDP), Social Security Number Elimination Reduction (SSN-ER), and Employee Protection System (EPS) into ECM.
- Excise & Gift Taxes: Modernized campus processing for excise, estate, and gift taxes.
- Specialty Employment Tax Application (SETA) Integration: Enabled ECM-SETA data exchange (over 500 elements) for automated calculations, monitoring, alerts, and reporting. Completed transition state solution working on final state solution
- Exam 940/941: Digitized payroll/unemployment tax exams, which included automated closure and reporting. (pilot)
- Exam 1120S & 1065: Enhanced corporate and partnership exams with digital review, calculations, reporting, and linked case automation. (pilot)
- Tech Services: Automated Centralized Case Processing (CCP) closures, surveys, routing, and non-exam processing. (pilot)

FY 2026/2027 Future Objectives:

- Complete Small Business / Self-Employed (SBSE) Field exams (1040, partnerships, employment tax, 1120S).
- Launch unified Tech Services with smart assignment, validations, routing, and notices.
- Expand High Income High Wealth (HIHW) for complex individual/entity exams.
- Integrate 1040X amended returns and enhance Large Business & International (LB&I) 1040 capabilities.
- Modernize Campus Collection and Exam with automated intake, routing, validation, and closures.

- Support large partnership Pass-Thru Entity (PTE) exams with standardized intake, issue management, calculations, and reporting.

Accomplishments and Future Objectives: IDRS:

FY 2025 Accomplishments:

- New IDRS Category Codes for Electronically Filed Tentative Refund Applications
- Centralized Authorization File (CAF) – Changes as it relates to Decommissioning Form 944
- Changes as it relates to Business Master File (BMF) Direct Deposit Requirements
- Changes for Tax Year (TY) 2025 - Present Year (PY) 2026 Income Documents (IDOCs) Form 1040 Family Record Layouts
- Refund Information System / Fact of Filing (REF/FOF) completed effort to support intro of status-clarifying taxpayer messages in "Where's My Refund"
- Successful Filing Season (FS) 25 & Mid-Year (MY) 25 Deployment

FY 2026/2027 Future Objectives:

- Planning in progress for transformational initiatives IRS will perform in 2026/2027
- Plan for IDRS modernization, defining roadmap, scope, boundaries and transformation
- Delivered and tested all adjustments with respect to command code changes related to Unified Work Requests (UWRs), including Legislative Initiatives
- Successfully deliver all IRA program UWRs that require IDRS updates
- Deliver programs to Enterprise System Testing (EST) for Filing Season 2027 for production on schedule.
- Interest rate changes requiring update to code

Accomplishments and Future Objectives: AMS:

FY 2025 Accomplishments:

- Delivered AMS Inventory X (INVX) allowing SBSE Campus Collections to create cases with the ability for digital correspondence to be attached. 1 million cases created since 9/2025
- AMS successfully migrated Oracle Databases to the Exadata platform
- AMS successfully migrated non-COTS application platforms to Red Hat Enterprise Linux (RHEL)9/OpenShift improving performance, updates and monitoring
- AMS Forms successfully converted to ReactJS framework to address security findings and improve user experience

FY 2026/2027 Future Objectives:

- AMS Correspondence Imaging Inventory (CII) will ingest scanned correspondence from the Zero Paper Initiative (ZPI) (~12 million annual images) which will free over 200 Full Time Equivalents (FTEs) who performed local scanning for other work
- AMS Inventory X Campus Collections to start ingesting scanned correspondence from ZPI and creating associated cases (~4 million annual)
- Consolidation of 8 AMS legacy inventories into INVX as a cost savings measure
- Conversion of AMS legacy tools to utilize ReactJS to improve user experience and address security findings

- Conversion of Commercial Off the Shelf (COTS) server platforms to RHEL9
- Migration of select tools from AMS to Taxpayer 360/Salesforce

Accomplishments and Future Objectives: CRM

CRM Accomplishments for FY2025:

- FY2025 Accomplishments: The CRM platform has successfully onboarded a range of enterprise products and use cases to the Salesforce/MuleSoft platform along with their associated integrations, including electronic Counsel Inventory Tracking Environment (eCITE), Federal Tax Deposit (FTD) Alerts, VendorForce, Criminal Tax (CT), General Legal Services (GLS), Phoenix, and SPECforce.

FY 2026/2027 Objectives:

- Continue to Document Integrated Design Authority (IDA) Intake Process for Existing CRM Products - Planned completion date of 09/30/26
- Provide Advisory to CRM Delivery Teams (Office of Chief Counsel (OCC), Taxpayer Advocate Service (TAS), SPECforce, General Legal Services, and VendorForce, Appeals, Congressional Portals, Manual Assessment and Whistleblower) - Planned completion date of 09/30/26
- The team is actively engaging and preparing to support additional uses cases, such as Appeals, Congressional Portals, Manual Assessment, Tax-Exempt Government Entities, TaxPayer 360 (TP360), and Whistleblower, further expanding the platform's capabilities and value across the organization.) - Planned completion date of 09/30/26.

Compliance

Description:

Compliance includes the collection, examination, appeals, and criminal enforcement functions, with key activities that include forecasting potential non-compliance issues, performing pre-filing preventive treatment, case prioritization models and algorithms, performing filing, payment and reporting compliance actions, and investigating criminal violations of the tax law.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	46.63	25.15	75.20	50.05	199.06%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	118.60	154.23	82.04	-72.19	-46.81%
Total Obligations	165.23	179.37	157.24	-22.13	-12.34%

Purpose, Accomplishments, Future Objectives:

The purpose of Compliance includes planning and modeling, anomaly detection, case selection, and compliance common services that enable taxpayers to realize and meet their tax obligations.

The goal is to foster taxpayer compliance by providing tools and resources to promote voluntary compliance and quick, accurate issue resolutions. Modernization of key compliance systems expedites detection and resolution of non-compliance, shrinking the tax gap. The IRS will significantly leverage the Enterprise Data Platform and Advanced Analytics, improving data access, modeling, and analytics, enabling precise compliance measures, and streamlining the taxpayer experience.

The Return Review Program (RRP) application enhances the IRS capabilities to detect, resolve, and prevent criminal and civil non-compliance, thereby reducing issuance of fraudulent tax refunds. RRP uses leading-edge machine learning technologies to maximize fraud detection in real-time and protect taxpayer revenue from the risks of increasing global fraud sophistication. RRP is mission-critical for the IRS to combat the ever-evolving tax fraud in a sophisticated, scalable, and adaptable manner. It is the anomaly detection platform for the enterprise for fraud and non-compliance. RRP correlates data across multiple data sources and enables the IRS to create predictive models for fraud and non-compliance. Today, RRP is the primary line of defense against the perpetration of individual tax return identity theft, fraud, and non-compliance. RRP's primary customers are Taxpayer Services and Criminal Investigation.

There are three priority goals and functions for the compliance systems: anomaly detection, case selection, and case management. Anomaly detection is the ability to detect potential non-compliance issues utilizing automated risk models and prioritization rules. Case selection is the ability to utilize automated and manual methods to classify and down-select non-compliance issues/returns for treatment based on risk scoring, and schemes. Case Management is the ability to support compliance research and enforcement on selected cases.

The benefits include a reduced tax gap through improved identification of non-compliance and fraud. An integrated anomaly detection system will provide real-time detection, leading to prompt resolution and an enhanced taxpayer experience. Furthermore, voluntary compliance will be boosted through strategies like pre-filing nudges, self-service opportunities, and proactive early interactions with taxpayers. These combined initiatives will improve revenue protection, recovery, deliver superior outcomes for the IRS, and will improve the overall taxpayer experience.

Accomplishments and Future Objectives:

FY 2025 Accomplishments:

- RRP updated FS25 Individual Master file, Business Master File Large Business and International (IMF/BMF/LB&I) Models Rules, Filters, and Reports to enable system to address any improper payments
- RRP sustained maintenance 2025 production support. It ensured projects under RRP Program successfully performed required functionalities to meet established Service Level Agreements (SLAs) and delivered required data to other interfacing IRS systems.
- RRP Performed FS25 Legislative Core Record Layout Changes (CRL Changes).
- RRP Loaded and used SADI data
- Automated General Agreement on Tariffs and Trade (GATT) manual processes
- Automated Sending of TC571s
- RRPLC Business Revenue (BR) Filter A Selection PS Changes
- RRP loaded and used additional forms with withholding
- RRP Fraud Detection Modeling with Python Pipeline

FY 2026/2027 Future Objectives:

- RRP migration out of the Greenplum database to the Enterprise Data Platform (EDP)
- RRP OB3 Core Record Layouts, Schemas, & Legislative Changes
- Update for Individual Master file, Business Master File Large Business and International (IMF/BMF/LB&I) Models Rules, Filters, Reports
- RRP sustaining maintenance 2026 production support. It will ensure projects under RRP Program successfully perform required functionalities to meet established Service Level Agreements (SLAs) and deliver required data to other interfacing IRS systems
- FS26 Legislative Core Record Layout Changes (CRL Changes)
- Deploy RRP Fraud Detection Modeling Python Pipeline to Production
- Load and use additional forms with withholding in RRP
- Statistical Analysis System (SAS) to Python Conversion.

Compute Services

Description:

Compute Services provides enterprise-wide management of Internal Revenue Service (IRS) compute resources, including mainframe, physical, virtualized, containerized, serverless, and cloud-based environments, as well as the operating systems that support mission-critical applications.

Primary customers include IRS business units such as Wage and Investment, Small Business and Self-Employed, Criminal Investigation, and Tax Exempt and Government Entities, as well as internal IT organizations and Treasury stakeholders. External beneficiaries include taxpayers, tax professionals, and financial institutions who depend on secure, accurate, and timely tax services. Overall, this investment delivers measurable operational value, strengthens service delivery, and advances the IRS mission to administer the nation's tax system efficiently and effectively.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	0.00	0.00	0.00	0.00	0.00%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	399.96	512.26	493.35	-18.91	-3.69%
Total Obligations	399.96	512.26	493.35	-18.91	-3.69%

Purpose, Accomplishments, Future Objectives:

This investment delivers secure, scalable, and resilient infrastructure through the engineering, deployment, and operation of IBM and Unisys mainframes integrated with modern on-premises cloud capabilities. It directly enables the IRS to process approximately 163 million taxpayers and over 271 million annual submissions with high performance and reliability.

This investment is foundational to IRS mission delivery, ensuring continuous processing of returns, refunds, and account management activities. With availability levels ranging from 99.99 percent to 99.999 percent, Compute Services sustains uninterrupted operations during peak filing seasons, minimizing the risk of service disruptions that could impact taxpayers and revenue collection. The platform supports over 10,000 virtual machines, hundreds of applications, and large-scale data environments, enabling efficient, timely, and secure service delivery across the enterprise.

A core objective of the investment is to enhance operational efficiency, scalability, and cybersecurity while reducing long-term costs. Through the implementation of an Infrastructure-as-a-Service (IaaS) model under Managed Infrastructure and Data Services (MIDS), the IRS achieves standardized and centralized management of compute and storage resources, improving utilization and reducing duplication. The Enterprise Container Platform (ECP) accelerates application modernization and increases adoption of containerized solutions while optimizing infrastructure consumption. Automation, advanced monitoring, and emerging AI capabilities further improve performance, workload management, and operational responsiveness.

Quantitatively, the investment reduces capital and operating expenditures by eliminating legacy hardware procurement and maintenance, optimizing resource utilization, and leveraging cost-efficient storage and backup solutions. Additional cost savings and avoidance are realized through reduced downtime, fewer emergency interventions, and improved lifecycle management of infrastructure assets. Initiatives such as cloud-based backup transitions and FinOps practices are expected to further enhance cost transparency and generate measurable savings.

Qualitatively, Compute Services strengthens the IRS security posture through encryption of data at rest and in transit, Zero Trust alignment, and compliance with federal standards including Federal Information Security Modernization Act (FISMA) and National Institute of Standards (NIST). It improves system reliability, supports hybrid integration between legacy and modern platforms, and enables the agency to adapt to evolving legislative mandates and policy requirements with reduced risk.

FY 2025 Accomplishments:

Infrastructure and Operations:

- Delivered third consecutive filing season with zero infrastructure-related outages, maintaining 100 percent Service Level Objective (SLO) adherence and up to 99.99999 percent availability across more than 80 database applications.
- Supported enterprise-scale operations including 10,000 virtual machines, 179 containerized applications, and 64 petabytes (PB) of storage with continuous 24x7x365 protection.
- Streamlined Incident Response Works (IRWorks) workflows, improving Tier 1 and Tier 2 storage and compute efficiency.

Data Management and Resiliency:

- Implemented long-term retention backup solutions, increasing data resiliency, compliance, and enterprise risk reduction.
- Expanded backup capacity to meet growing demand and configured Oracle Auto Service Request (ASR) for automated incident response.
- Enabled encryption for Data At Rest (DARE) and data in transit, aligning with Zero Trust architecture principles.

Platform Modernization and Engineering:

- Advanced Enterprise Cloud Platform (ECP) adoption with EnterpriseDB (EDB) PostgreSQL onboarding and ScyllaDB development and testing (Dev/Test) cluster deployment.
- Expanded and modernized Oracle Exadata infrastructure, migrating databases from legacy Scalable Processor Architecture M7 (SPARC M7) and IBM zLinux systems and upgrading operating systems (OS) from version 7 to version 8.
- Implemented dual-stack capabilities (Internet Protocol Version 4 (IPv4) and Internet Protocol Version 6 (IPv6)) supporting federal mandates, including Office of Management and Budget (OMB) Memorandum M-21-07.

Mainframe Modernization:

- Upgraded International Business Machines (IBM) mainframe robotic tape storage and workload distribution supporting tax processing.
- Modernized operating systems for the Master File (Masterfile) application and deployed new hardware for Security and Communications Systems (SCS), enabling secure transaction logging and access control.

Cost Optimization and Governance:

- Reduced operational costs by shifting Oracle Exadata patching to business hours and eliminating after-hours support overhead.
- Secured Department of the Treasury (Treasury) approval for Oracle Unlimited License Agreement (ULA) recompetes, strengthening acquisition strategy and cost control.

FY 2026/2027 Future Objectives:

Cloud and Platform Transformation:

- Migrate applications to the Enterprise Cloud Platform (ECP) and the Cloud Security Boundary (CSB) to improve scalability, standardization, and security.
- Complete migration of legacy databases (SPARC M7 and IBM zLinux) and Modernized e-File (MeF) to Oracle Exadata. Refresh hardware from Exadata X8M to X11M and upgrade databases from Oracle 19c to Oracle 23ai.

Data Protection and Network Modernization:

- Transition Microsoft 365 (M365) Exchange backups to Commvault cloud, generating an estimated \$12 million in cost savings.
- Complete Internet Protocol Version 6 (IPv6) migration for the Zero Data Loss Recovery Appliance (ZDLRA) to meet federal compliance requirements while enhancing network scalability.

Financial Operations (FinOps):

- Establish an Internal Revenue Service (IRS)-wide Financial Operations (FinOps) framework to improve cost visibility, allocation, and accountability across hybrid environments (cloud, on-premises, and Enterprise Cloud Platform (ECP)), enabling data-driven financial optimization.

Automation and Innovation:

- Integrate artificial intelligence (AI) into mainframe and infrastructure operations to automate processes, improve workload management, and increase productivity.

Performance and Reliability:

- Sustain greater than or equal to 99.99 percent availability and continue zero-outage performance for the upcoming filing season through proactive infrastructure modernization, automation, and enhanced resiliency.

Digital Services

Description:

Digital Services includes the self-service and online options which allow taxpayers and external stakeholders to interact on the web via IRS websites and web applications.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	93.62	313.83	240.59	-73.24	-23.34%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	162.17	149.13	108.68	-40.45	-27.12%
Total Obligations	255.79	462.96	349.27	-113.69	-24.56%

Purpose, Accomplishments, Future Objectives:

The purpose of Digital Services is to revolutionize the taxpayer experience through enhancing service offerings. The IRS plans to create a state-of-the-art digital environment for taxpayers, simplifying their interactions with the agency. Digital Services will strive to ensure services are accessible through all channels, to provide a seamless and enriched taxpayer experience focused on improving digital services to taxpayers: e-Services, IRS.gov, Individual Online Account (IOLA), Business Tax Account (BTA), TaxPro and Integrated Customer Communication Environment (ICCE).

Individual Online Account (IOLA):

IOLA modernizes the way individual taxpayers interact with the IRS by providing a seamless, one-stop digital solution to support filing, data, and communication needs.

Business Tax Account (BTA):

The BTA application transforms the way business taxpayers interact with the IRS by providing a modern, secure, one-stop digital suite of self-service that provides tax record information, digital correspondence, and payment capabilities to support tax compliance.

TaxPro:

TaxPro provides unified architecture to allow Tax Professionals to serve IRS taxpayers across digital channels and provide an improved user experience, utilizing data to drive results and developing an intelligent enterprise where tax professionals and technology combine to produce value.

IRS.gov:

The IRS.gov portal provides seamless one-stop web-based services to internal and external users, such as taxpayers, business partners and IRS employees. The mission at the IRS is to provide America's taxpayers top-quality services by helping them understand and meet their tax responsibilities, and enforce US tax law, with integrity and fairness to all. The IRS.gov portal supports the IRS mission by providing a virtual tax assistance center for internal and external users. IRS.gov remains a cost-efficient platform to rapidly deploy standardized customer-facing solutions. The IRS.gov portals continue to support rapid application deployments that are secure and fully capable to meet taxpayer needs. New evolving applications like Document Upload Tool (DUT) and Enterprise Case Management (ECM) align the IRS with the changing needs of our taxpayers by providing them with an accessible, faster, and secure digital presence. IRS.gov continues to improve its ability to provide better tools by supporting rapid deployment solutions, utilizing Cloud technologies to quickly acquire secure storage, and application platforms.

The primary goals of the Digital Services Investment include the realization of a comprehensive, on-demand data view system and implementing self-service capabilities to enable business users to interact with the IRS online efficiently and effectively and reduce the burden of less efficient payer and phone interactions. By integrating customer accounts, interaction, case, and compliance data, the IRS can provide a 360-degree perspective for both our employees and taxpayers. Furthermore, the IRS plans to enhance its technology to ensure equal access to information, services, and documents for all taxpayers. This will be achieved through adopting multilingual standards, refactoring, and developing multilingual systems, providing multilingual forms and notices, and integrating software-enabled translation support.

The benefits of the Digital Services Investment include empowering taxpayers and tax professionals with expanded digital options for increased self-service and streamlined tax transactions. It will provide seamless tax experience via omni-channel, AI-enhanced interactions for efficient customer service and increase the availability of digital channels of contact between tax professionals and the IRS, enhancing the customer experience. In addition, it will also improve compliance through plain language and multilingual communications, enhanced IRS.gov search, and tailored outreach, simplifying adherence to IRS requirements. Additional benefits include new IRS-hosted applications scaled to include additional value-added, secure business taxpayer products and features that comply with the latest National Institute of Standards and Technology (NIST).

FY 2025 Accomplishments:

- BTA delivered 5 features across 4 releases, enabling balance visibility, transcript access (EN/ES), multiple bank accounts, Spanish downloads, and income verification approvals.
- Expanded access for Sole Proprietors, S/C-Corps, and Partnerships through refined authorization, improving security, usability, and efficiency. These enhancements increased digital adoption, reduced manual processes, improved taxpayer experience through centralized business tax tools, and strengthened authentication while streamlining account access across entity types. These updates also improved processing timelines, reduced user friction, and increased successful task completion rates across business user interactions and workflows.
- eServices advanced “Zero Paper” through External Systems Authentication Management (ESAM) enhancements supporting estate, nonprofit, and expanded filing (including 1042-S).
- Certified Acceptance Agent workflows and portal usability improved, enhancing taxpayer and employee experience.
- RAP Back enrollment expanded to strengthen continuous vetting.
- Communications were updated to redact TINs per IRM 10.4.
- Legacy components were retired, and infrastructure upgrades, defect fixes, Application Programming Interface (API) improvements, and system updates increased stability, reliability, performance, and system efficiency across applications.
- IOLA expanded secure self-service and reduced paper reliance by enabling multi-payment transactions, adding Offer in Compromise (OIC) tools, and improving payment plan creation/modification.
- Access to Information Returns Data Access Service (IRD/IRDAS) data expanded, while transparency improved through amended return tracking, refund integration, and cause/cure messaging. Communication improved via secure messaging and redesigned notifications.
- User Experience (UX) enhancements included updated profiles, Spanish transcripts, Digital and Mobile Adaptive Forms (DMAF) improvements, added payment types, and cancellation capabilities to increase completion rates, reduce errors, and improve usability.
- IRS.gov delivered over 260 deployments and resolved 73 defects, improving stability and UX. Microsites were consolidated to reduce costs and improve consistency. Search was enhanced using

Apache Solr (autocomplete and relevance). The GEOID Lookup Tool (EN/ES) was deployed, newsroom automation improved, and DMAF forms enhanced with multilingual and search integration, increasing accessibility, and discoverability.

- Online Tools and Integrated Services (OTIS) improved messaging (EN/ES), status codes, communication, and reliability.
- ApplyEIN was modernized onto OTIS, improving scalability, performance, fraud prevention, and cost efficiency. Government entity access was restored, error messaging streamlined, and MOD IEIN modernization initiated to align with OTIS strategy and long-term integration goals.
- TaxPro enhanced payment plan functionality with pending agreements, expanded short-term options, pre-assessed agreements, and improved calculations. Constraints for balances between \$25K–\$50K were removed. Tools such as the Lien Payoff Calculator and Audit Status reduced assisted support. Authorization capabilities expanded and infrastructure upgrades improved security, compliance, reliability, and operational performance.

FY 2026/2027 Future Objectives:

- BTA will deliver Make a Payment (OIC, BBA, Farmland), EIN Verification Letter, expanded digital notices, and business payment plan status. It will also introduce TaxPro payments, notification preferences, expanded eligibility (including short-term plans), and Power of Attorney/Taxpayer Information Authorization (POA/TIA) capabilities to streamline authorizations, improve processing efficiency, and enhance user experience.
- eServices will continue modernization and consolidation through ESAM enhancements, including foreign filer support, migration and retirement of Taxpayer Identification Number Validation-Enterprise Common Services (TINV-ECS), and completion of TINM migration. Transcript Delivery System (TDS) will undergo API containerization and data updates, while Layer 7 API gateway upgrades will improve scalability, performance, security, and system integration.
- IOLA will improve transparency and performance through direct deposit storage, refund email notifications, authenticated uploads, and system improvements. It will expand digital compliance capabilities to reduce paper and call demand, improve response times, and increase self-service adoption.
- IRS.gov will enhance UX through global sign-in, homepage redesign, refund email promotion, multilingual banners, and AI disclosure. It will launch Guided Tax Debt Resolution, advance Drupal 11 readiness, optimize workflows, improve performance and navigation, enhance search, upgrade the Barrio theme, and increase engagement.
- OTIS will implement OIC updates, deploy IEIN prefix updates, and decommission First Time Home Buyer Credit (FTHBC) to reduce legacy overhead, improve sustainability, and enhance long-term system efficiency.
- TaxPro will enable business representatives to create payment plans, make payments, and manage authorizations digitally. It will expand access to notices and introduce user activity reporting to improve compliance, reduce paper processing, accelerate collections, and support modernization efforts and program outcomes overall.

Engagement Channels

Description:

Engagement Channels encompasses the interactions between IRS and taxpayers or other external stakeholders, including over the phone (live assistance or voice bots), via chat services (chat and live chat), and through physical or digital notices. The Engagement Channels investment includes operating one of the largest Contact Centers in the Federal Government, serving taxpayers through live assistance and self-service options, meeting the taxpayer on their channel of choice. The Contact Center is one of the most mission critical areas within IRS due to its role in managing call routing for the enterprise.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	34.65	49.49	37.48	-12.01	-24.27%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	78.61	37.51	53.37	15.86	42.28%
Total Obligations	113.26	87.01	90.86	3.85	4.42%

Purpose, Accomplishments, Future Objectives:

The purpose of this IT Investment is to improve taxpayer engagement, utilizing advanced technology for a seamless user experience. This Investment aims to integrate voicebots and chatbots, expanding accessibility across all available channels. With the enhancement of English/Spanish standards, system development, and translation support, the objective is to offer equal access to information, services, and documents for every taxpayer. The Contact Center is to deliver mission critical functionality for self-service and assistor-based taxpayer services. Live Assistance is to enable real-time communication via a taxpayer's preferred channel and improve the taxpayer experience through expanded self-service and Natural Language Processing-enabled capabilities.

The goal of this Investment includes implementing industry standards and innovative technology to put the IRS into the forefront of engagement, focusing on adaptability and inclusivity. The IRS aims to implement advanced voice and communication tools, enabling customer service representatives to resolve issues more swiftly. The goal is to make every interaction between taxpayers and the IRS seamless, fostering a modern, efficient, and inclusive taxpayer experience.

This benefit of this Investment includes expanding services which ensures customer access through all channels and modernizing the way taxpayers engage with the agency. Efficiency of the Customer Service Representatives (CSR) will significantly improve leading to swift issue resolution. The integration of advanced technology will ensure a streamlined, customer-centric approach, underpinning an exceptional taxpayer experience.

FY 2025 Accomplishments:

- Deployed eGain Release v21.8.5.
- Deployed EPSS Unauthenticated Chatbot with Authenticated Live Chat.
- Implemented Direct File Chatbot.
- Migrated Automated Conversational Interactive (ACI) Voice Response VoiceBot to the DCCP
- Migrated Transcript call flow to the DCCP and moved to the Taxpayer Services National Language Understanding (NLU)
- Deployed IT Service Desk (ITSD) NLU grammar optimization for SEID recognition.

- Deployed Filing Season changes for Taxpayer Services NLU.
- Deployed Tuning and Optimization for:
 - Taxpayer Services NLU (1040, WMR/WMAR).
 - ITSD
 - SCOIC
 - AUR
- Deployed ACS PIN Eligibility
- Deployed New voicebot capabilities
 - Financial Relief
 - ACS PIN Re-Entry
 - Refund Trace
 - Refund Callback
- Deployed Central Lien Operations – Unauthenticated Live Chat.
- Automated Substitute for Return (ASFR) – Authenticated Live Chat.
- Deployed Withholding Compliance (WHC) Web Portal.
- Deployed CC-VRU hardware retirement.
- Deployed SMS text notifications for Callback.
- Deployed Unified Communications Manager Upgrade (All Clusters completed).
- Deployed 1st release of Common Enterprise Chatbot
- Deployed Agent Desktop Modernization (ADM) May FY 25 release:
 - Unified Contact Center Enterprise (Finesse) Account Consolidation Project
 - Finesse Supervisor Change of Agent State Feature
- Help Document Navigational Enhancements
- Application changes for the 3 new call center sites
- Deployed TS Cycle 1 - TAC Appointment Line
- Deployed SBSE Cycle 1
- Banking Secrecy Act (BSA) Hotline
- Excise (Exam)
- Lien External (Collection)
- Innocent Spouse (Exam)
- Deployed International Chatbot phase 1– Unauthenticated Chatbot

FY 2026/2027 Future Objectives (deployments/additions) (*Planned, subject to change) (*Due to IT restructuring, 2027 deliverables are TBD):

- Conversational Routing:
 - Employee Resource Center Voicebot*
 - SBSE Cycle 2*
- Exam Small Business (SB)
- Withholding Compliance (WHC)
- Automated Substitute for Return (ASFR) Refund Hold
- ASFR
- Estate and Gift
- Manually Monitored Installment Agreement (MMIA)
- Employer Shared Responsibility Payment (ESRP)
- Automated Underreporter (AUR) SB
- Taxpayer Services Product Lines and Self-service (2026 Calendar Year)*
- Excise Voicebot (Front Door Request 800) (2026 Calendar Year)*

- Innocent Spouse Voicebot (FDR 801) (2026 Calendar Year)*
- Estate and Gift Voicebot (FDR 802) (2026 Calendar Year)*
- Migration of DCCP to Dynamic 365 (D365) (2026 Calendar Year)*
- Direct Debit Installment Agreement (DDIA) Voice Balance Due (VBD) (FDR 724) (2026 Calendar Year)*
- Customer Voice Portal.
- Second Chance Callback option.
- Enterprise Chatbot.
- International – Authenticated Live Chat.
- Agent Desktop Modernization (ADM) FY 26 releases.*
- Click to Call.
- Authenticated Chat to Phone.
- Privileged User Management and Access System (PUMAS).*
- Windows Server OS upgrade to 2022.

Filing and Intake

Description:

Filing and Intake includes the registration, ingestion, validation and perfection, error resolution, and payment processing of all inbound electronic and paper submissions, IRS correspondence and other inbound taxpayer information. This Investment provides ingestion mechanisms for institutions to send data for IRS and provides up-front issue detection and resolution.

- Integrated Submission and Remittance Processing (ISRP)
- Service Center Recognition/Image Processing System (SCRIPS)
- Information Returns Modernization (IR MOD)
- Foreign Account Tax Compliance Act (FATCA)
- Digitalization

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	259.43	136.87	167.55	30.68	22.42%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	188.70	216.16	186.49	-29.66	-13.72%
Total Obligations	448.14	353.03	354.05	1.02	0.29%

Purpose, Accomplishments, Future Objectives:

The primary benefit of this Investment includes the modernization of IRS intake systems which will notably reduce taxpayer burden by promoting electronic submissions. This streamlining process will increase efficiency and ease for taxpayers. Enhanced data integrity and integration will be achieved through standardizing intake of tax and information returns, and digitalizing paper-based submissions, ensuring uniform digital data for downstream processing. Forms, notices, letters, and correspondence have a digital intake channel, eliminating the need for conversion from paper. A significant cost reduction is another key benefit, as the digitalization of paper-based ingestion and implementation of a modern intake platform will significantly reduce labor-intensive manual processes and drastically decrease the IRS IT footprint.

This investment will implement the intake processing components of the One Big Beautiful Bill (OB3). This includes delivering the ability for states to approve scholarship granting organizations to implement the first part of the OB3 Federal Scholarship Tax Credit (provision 70411) in late calendar year 2026.

Information Returns will deliver the capability to intake all remaining Filing Information Returns Electronically forms (F8809, F8508, F8955-SSA, F8596(1), F8027, F15397), Affordable Care Act Information Returns forms (1095-A, 1094/1095 B and C), OB3 forms (1098-VLI, Doc Code 1B; 5498-TA, Doc Code 3B), and 1099-LPS (Long-Term Care Payments Statement, Doc Code 2B) through IR MOD into the System Acceptance Testing environment, enabling timely Assurance Testing System go-live and supporting FS 2027 readiness by December 15, 2026.

FY 2025 Accomplishments:

- Delivered 70 non-tax Digital Mobile Adaptive Forms (DMAF) forms by March 2025 and an additional 80 forms by December 2025, increasing availability of secure, digital-first options for taxpayers.

- Scaled internal and external scanning of historical documents to meet expected throughput, progressing toward digitalizing 300–500 million pages of priority historical documents and further reducing storage costs.
- Enhanced existing Document Upload Tool (DUT) capabilities through multiple releases aimed at improving taxpayer experiences and increase the number of DUT submissions.
- Expanded modernization of intake of paper tax returns to increase IRS access to digital data, leverage automated artificial intelligence (AI) technology, and deliver faster refunds to taxpayers.
- Onboarded additional customers to Digitalization Enterprise Platform (DEP) to increase number of incoming paper correspondence digitalized for accelerated processing.
- Deployed Quality Control Review (QCR) Modernization Tool, delivering automated and systematic capabilities to streamline compliance activities for digitized records and enable paper destruction at scale.
- Implemented infrastructure currency upgrades. Foreign Account Tax Compliance Act (FATCA) Foreign Financial Institution (FFI) web services, FFI List, and International Data Exchange Service (IDES) are Lights On Category, whereas Country-by-Country (CbC), Beneficial Ownership Exchange (BOE), and Tableau projects are Development, Modernization, and Enhancement (DME) Category.
- Application teams continued providing support for any production, emerging Priority 1 (P1) / Priority 2 (P2) issues. Address any security activities, requests, and findings. Continued implementing infrastructure currency upgrades.
- Delivered Application-to-Application (A2A) and Service Center Recognition/Image Processing System (SCRIPS) intake and processing capabilities of 13 additional prioritized Publication 1220 Filing Information Returns Electronically (FIRE) forms and Form 8809 Automatic Extensions to enable taxpayers and businesses to file.

FY 2026/2027 Future Objectives

- In FY 2026, Integrated Submission and Remittance Processing (ISRP) and Service Center Recognition/Image Processing System (SCRIPS) will successfully deliver all mandated One Big Beautiful Bill (OB3) legislative updates, ensuring compliance with new requirements. Additionally, SCRIPS will be modernized through migration to the Red Hat Enterprise Linux 8 (RHEL 8) environment, significantly enhancing system security, stability, and overall performance while positioning the platform for future scalability.
- The Digitalization program will make substantial progress in reducing paper dependency and expanding digital services. The Document Upload Tool (DUT) processed 927,000 submissions (approximately 5 million pages) in Calendar Year 2025 (CY2025), while the Digital Enablement Platform (DEP) digitized 11 million pages and processed 2.1 million submissions. The program will deliver 80 Digital Mobile Adaptive Forms (DMAF) and advance key initiatives, including digitizing 150 million historical documents, modernizing paper intake with artificial intelligence (AI) to accelerate refunds, onboarding additional DEP customers, and deploying a Quality Control Review (QCR) Tool to support compliance and large-scale paper destruction.
- The Information Returns Modernization (IR Mod) program will advance its modernization objectives by migrating legacy Filing Information Returns Electronically (FIRE) and Affordable Care Act Information Returns (AIR) data into the IR Mod platform and delivering Filing Season 2026 updates for 13 FIRE forms and Forms 1099 to address Tax Year 2025 changes. The program is expanding processing capabilities to include Forms 1042-S, 1099-DA, and 5498-QA, while implementing performance tuning to support increased processing volumes. Additional accomplishments included delivering an Application-to-Application (A2A) Software Toolkit for system integration, enabling Foreign Filer submissions, and enhancing Taxpayer and Customer Service Representative (CSR) portals to improve usability and case management efficiency.

- In FY 2026, the Tax Credits program will implement legislative changes under OB3 by terminating Inflation Reduction Act (IRA) / Creating Helpful Incentives to Produce Semiconductors (CHIPS) clean vehicle tax credits and expanding manufacturing credits. The program will also develop a prototype for the Federal Scholarship Tax Credit portal, laying the groundwork for future digital service delivery and improved taxpayer access.
- Foreign Account Tax Compliance Act (FATCA) program will strengthen operational resilience and expand filer capabilities by conducting a disaster recovery exercise and implementing the Foreign Filer solution for Form 1042-S within the Information Returns Intake System (IRIS). Additional enhancements include upgrading to Extensible Markup Language (XML) schema 5.0 (Common Transmission System (CTS) 3.0) and completing critical infrastructure upgrades such as Red Hat Enterprise Linux 9 (RHEL 9) support, Informatica 5.9, and SAP Business Objects Enterprise (BOE) Business Intelligence (BI) 2025, improving system performance, reliability, and compliance readiness.
- In FY 2027, ISRP and SCRIPS will continue implementing OB3-mandated changes while modernizing infrastructure through migration to the Red Hat Enterprise Linux 9 (RHEL 9) environment to strengthen security and performance. A key deliverable is completing the Federal Scholarship Tax Credits portal, enabling individual tax credit processing for Filing Season 2028 (Tax Year 2027).
- The Filing & Intake Branch will focus on advancing digitalization and operational readiness by implementing the Scholarship Tax Credits portal, executing system currency upgrades, and completing International Data Exchange Service (IDES) / International Compliance Management Model (ICMM) testing with reciprocal data delivery. Efforts will enhance fraud detection for Government-to-Government (G2G) and FATCA forms, while supporting the Zero Paper Initiative (ZPI) through increased scanning and digital submission of correspondence. Additionally, the branch will contribute to ZPI by digitizing forms to reduce storage costs, minimize paper volume, and improve the taxpayer experience.
- IR MOD will drive enterprise-wide modernization by delivering capabilities to ingest, certify, and store all major form types across legacy and new systems, including FIRE, AIR, OB3, FATCA, and G2G. The program will migrate legacy FIRE and AIR data into IR Mod platforms and complete the transition to a standardized intake environment. Key enhancements include implementing soft-delete functionality, integrating Precisely for improved data quality, and migrating the Information Returns Processing System (IRPS) and Information Returns Database (IRDB) to the cloud. These efforts will reduce legacy system dependency, mitigate risk, and ensure full operational readiness for Filing Season 2027 by December 15, 2026.
- FATCA objectives for FY27–28 emphasize operational resilience, compliance, and expanded processing capabilities. This includes conducting a disaster recovery exercise in FY2027, enhancing fraud detection, and increasing capacity for Gov-to-Gov and FATCA data handling. The program will support new form types such as 1099-DA, 1042-S, and 5498-QA, while continuing migration of FIRE/ACA data into IRMOD. Completion of IDES/ICMM testing and reciprocal record exchanges will further strengthen international data reporting and compliance.

Infrastructure Management

Description:

Infrastructure Management ensures the Internal Revenue Service (IRS) information technology (IT) infrastructure—across cloud and on-premises environments—is secure, resilient, and scalable to support more than 200 million taxpayers and approximately 271 million annual submissions. It delivers high availability with 98–99 percent uptime targets, modernizes legacy systems through large-scale migrations, and standardizes configurations to improve efficiency and meet federal compliance requirements. By combining proactive monitoring, automation, and 24/7 operational support, this investment reduces costs, strengthens system resiliency, and enables reliable digital services that sustain taxpayer trust.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	17.74	0.00	99.23	99.23	0.00%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	283.64	251.85	225.90	-25.95	-10.30%
Total Obligations	301.39	251.85	325.13	73.28	29.10%

Purpose, Accomplishments, Future Objectives:

The purpose of this investment is to ensure the IRS IT infrastructure remains robust, flexible, and adaptable to meet evolving taxpayer and business needs. It supports the full spectrum of compute capabilities—including mainframe, physical, cloud-based, serverless, containerized, and virtualized environments—along with the operating systems that power mission-critical applications. Through automated provisioning, monitoring, and management, the investment delivers consistent reliability, efficiency, and agility while supporting over 163 million taxpayers and 271 million annual submissions.

This investment enables enterprise modernization by scaling and optimizing infrastructure, advancing cloud-first capabilities, and implementing managed service solutions within on-premises and hybrid environments. It expands taxpayer-facing digital services such as the Document Upload Tool (DUT), Business Tax Account (BTA), Direct File, and Clean Energy (CE), reducing paper dependency and enhancing self-service. Automation through Robotic Process Automation (RPA) and Artificial Intelligence (AI) eliminates repetitive manual processes, saving over 250,000 staff hours annually and generating approximately \$477M in five-year cost avoidance.

The investment is focused on achieving the following outcomes:

- Reduce costs and delivery timelines through automation, right-sizing, and decommissioning legacy infrastructure.
- Maintain high reliability and resiliency, demonstrated by 99.99 percent uptime and zero user impact from infrastructure disruptions through proactive failover capabilities.
- Standardize and secure infrastructure to improve operational consistency and strengthen Zero Trust alignment.
- Enable scalable, demand-based services through cloud adoption, minimizing over-provisioning during peak filing periods.
- Modernize observability through integrated monitoring platforms (e.g., AppDynamics and Splunk ITSI), reducing root cause analysis time by 50–70 percent and improving proactive incident response.

Quantitative Benefits

- **Operational Efficiency:** Migrated 167 databases (~80 percent), transitioned 38 percent of applications, and decommissioned 73 servers, reducing technical debt and operating costs. Automated pipelines support thousands of weekly updates, accelerating service delivery.
- **Digital Services:** Digitized over 60 million forms, processed 20 million Forms 1099, and converted 350GB of records. The Zero Paper Initiative eliminated over 21 million manual submissions annually and supports over 7,800 notice types for over 10,000 users.
- **Automation & AI:** Expanded RPA solutions streamline business processes, including contract review automation saving \$150,000 and 2,000 hours annually, while AI enhances processing speed and accuracy.
- **Security:** Billions of malicious attempts are blocked annually, with advanced controls and monitoring ensuring protection of taxpayer data and continuity of operations.

Qualitative Benefits

This investment enhances taxpayer and employee experience by delivering faster, more accurate, and accessible digital services. Expanded self-service capabilities reduce processing delays and improve transparency. Employees benefit from reduced manual workload and increased productivity. The IRS strengthens public trust through secure, resilient, and modernized services aligned with federal compliance standards and legislative mandates.

FY 2025 Accomplishments:

In FY25, the Internal Revenue Service (IRS) advanced major modernization initiatives across applications, infrastructure, automation, and taxpayer-facing services.

Digital Services Expansion:

- Delivered new releases of the Document Upload Tool (DUT), Digital Inventory Management (DIM), Digital Mobile Adaptive Forms (DMAF), Business Tax Account (BTA), Direct File, and Clean Energy (CE), enabling self-service, digitization, and faster online submissions. Improvements allowed taxpayers to file Form 1099-R in Direct File, businesses to manage account roles in the Business Tax Account (BTA), and caseworkers to process clean energy credits more efficiently.
- Digital Inventory Management's (DIM) Zero Paper Initiative (ZPI) digitized more than 21 million submissions annually, routing over 7,800 notice types for more than 10,000 users and eliminating outdated paper-based workflows.

Automation and Artificial Intelligence (AI):

- Deployed 11 new robotic process automations (RPA) and more than 50 RPA enhancements, streamlining contract review, mail routing, and processing tasks. The Chief Financial Officer (CFO) contract review automation alone saved over \$150,000 and 2,000 hours annually, while enterprise-wide robotic process automation (RPA) eliminated more than 250,000 hours per year and delivered approximately \$477 million in cost avoidance over five years.
- A Generative Artificial Intelligence (AI) pilot automated contract qualification reviews, improving accuracy and accelerating throughput.

Infrastructure Resiliency and Monitoring:

- Conducted failover and failback testing in Amazon Web Services (AWS) regions to achieve active/active resiliency.

- Automated network and infrastructure resiliency mitigated more than 12 telecommunications outages with zero end-user impact. Monitoring was consolidated by upgrading AppDynamics to version 25.x, enabling Software-as-a-Service (SaaS) capabilities on-premises, implementing geographic failover, and integrating all premium applications (Direct File, BTA, CE, Scalable Analytics Data Infrastructure (SADI), and Azure Fabric (AzF)).
- Operations Bridge (OpsBridge) was upgraded in preparation for Filing Season 2026 (FS2026).

Filing Season Support:

- Provided 7:00 a.m. to 7:00 p.m. monitoring for all IEP applications and operations during Filing Season 2025, ensuring uninterrupted daily intake of over 2.1 million tax forms and January total intake of 12.7 million tax forms (i.e. form 1099) via the Information Returns Intake System (IRIS), ensuring successful 2025 filing season.
- Applications such as Digital Inventory Management (DIM), Digital Mobile Adaptive Forms (DMAF), Business Tax Account (BTA), and Individual Return Master File (IRMod) processed submissions more efficiently, reducing paper reliance and increasing real-time communications.

Information Technology (IT) Electronic Discovery (eDiscovery) and Lifecycle

Management:

- Completed Basic Input/Output System (BIOS) upgrades on 54 eDiscovery servers, supported 38 requests covering 144 custodians, and processed 65,000 Personal Storage Table (PST) files.
- Verified 92 percent of inventory (9,573 assets), refreshed 1,280 high-risk assets valued at \$36.5 million, and supported adoption of more than 70 new software products.

Through FY25 accomplishments, the IRS digitized over 60 million forms, migrated hundreds of databases, eliminated manual processes, and maintained 99.99 percent uptime during Filing Season. Monitoring and resiliency improvements ensured uninterrupted taxpayer service despite multiple outages, while automation delivered massive time and cost savings.

FY 2026/2027 Future Objectives

- Will continue reducing technical debt, expanding AI, and aligning with compliance standards, while improving transparency and public trust. These efforts support over 163 million taxpayers and 271 million annual submissions.
- Over the next two years, IRS will continue modernizing infrastructure, improving compliance, and enhancing taxpayer services.

Artificial Intelligence (AI) and Automation:

- Expand Artificial Intelligence (AI) use in monitoring tools such as AppDynamics and Splunk Information Technology Service Intelligence (ITSI) to enable predictive analytics and automated remediation
- Continue Pro*C to Java rewrites and add six contractor developers to support the Automated Offer in Compromise (AOIC) and Automated Trust Fund Recovery (ATFR) systems

System Modernization:

- Migrate all remaining SPARC M7 applications to Red Hat Enterprise Linux (RHEL), move Oracle databases to Exadata, decommission legacy hardware, migrate approximately 4,000 Microsoft Windows servers to modern operating systems (OS) to meet Zero Trust compliance requirements, and

update Linux servers to Red Hat Enterprise Linux (RHEL) 9, cloud environments, and Enterprise Cloud Platform (ECP).

Monitoring and Observability:

- Transition AppDynamics to Software-as-a-Service (SaaS) under Federal Risk and Authorization Management Program (FedRAMP) authorization, integrate with Splunk Information Technology Service Intelligence (ITSI) and Incident Response Works (IRWorks), and implement SaaS capabilities such as OpenTelemetry (oTel), Secure Application Monitoring, and root cause analysis with standardized dashboards.

Application Programming Interface (API) and Integration:

- Build an Application Programming Interface (API) Gateway and migrate Integrated Enterprise Portal (IEP) applications to the Enterprise Partner Zone (EPZ), providing centralized management and a consistent enterprise response.

Efficiency and Compliance:

- Implement right-sizing to reduce costs and outages. Expand Individual Return Master File (IR Mod) forms to retire the legacy Filing Information Returns Electronically (FIRE) system. Use Microsoft Azure Arc and Azure Migrate for extended patching and license management.

Records Management:

- Modernize electronic records management in accordance with Office of Management and Budget (OMB) and National Archives and Records Administration (NARA) Memorandum M-23-07, streamlining searches, improving access to vital records, and strengthening compliance while reducing taxpayer costs.

Strategic Investment:

- Manage the Microsoft Unified Support Services (MUSS) contract, valued at \$10.7 million in FY26 and rising to \$11.9 million in FY29, ensuring outage support, system health checks, and critical filing season readiness.

Internal Operations

Description:

Internal Operations defines enterprise-wide administrative systems related to workforce support, human capital management, accounting, financial management, procurement, facilities, and travel.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	259.42	0.00	31.92	31.92	0%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	307.51	240.13	217.61	-22.52	-9.38%
Total Obligations	566.93	240.13	249.53	9.40	3.91%

Purpose, Accomplishments, Future Objectives:

The purpose of this IT investment is to transition the IRS to more efficient, modernized operational systems that enhance mission delivery and workforce effectiveness. Leveraging government-wide shared services and commercial off-the-shelf solutions, the investment improves operations, elevates the employee experience, and enables data-driven decision-making across the enterprise. It supports critical capabilities in human capital, financial management, IT service management, and electronic records management.

The investment will modernize enterprise systems in these domains to strengthen efficiency, governance, and standardization, while delivering advanced collaboration tools and a scalable e-learning platform aligned with the IRS “workforce of the future” vision. Collectively, these capabilities provide a reliable, auditable foundation for administrative accounting, budget formulation, labor forecasting, and funds execution—enhancing financial transparency and organizational resilience.

In addition, cloud adoption will drive cost efficiencies and scalability, while targeted automation will reduce processing backlogs, increase workforce productivity, and enable employees to focus on higher-value, mission-critical activities.

FY 2025 Accomplishments for IFS:

- Completed upgrades to components of IFS: SAP Identity Management (IdM) and Informatica.
- Completed upgrades from SAP Business Explorer (BEX) to Analysis for Office (AFO) Server.
- Completed changes to support ongoing Federal Financial System mandates for IFS.
- Completed interface with Treasury's G-Invoicing system for seller side transactions.
- Completed the functionality for Clean Vehicle credit.
- Completed SAP Value Discovery (Code Analysis Effort).
- Replaced BPS (Budget Planning Simulation) System
- Stood up OneStream SaaS Dev, Test and Training environments as scheduled.
- Completed Qmulus upload of SSP and evidence for SSP Assessment.
- Completed functional requirements for Budget Forecast Planned Development (BFPD) and 3 Year Forecast (3YRF)

FY 2026/2027 Future Objectives

- Upgrade to OneFM Treasury solution for IRS. The discussions for this initiative will be underway in April 2026, and IRS has been deemed in-scope
- Develop additional Clean Vehicle Credit (CVC) functionality in IFS to allow for the recovery of CVC refunds when a vehicle has been returned using Pay.Gov
- Replacement of Procurement for the Public Sector (PPS) Procurement system
- Upgrade to a new Travel Modernization platform
- Replacement of BPS system (Business Planning Simulation)
 - Complete BFPD and 3YRF functional configuration
 - Validate data and test functionality
 - Complete data integration from BW source data to OneStream
 - Complete User Acceptance Testing (UAT) for BFPD and 3YRF
 - Go-Live 6/22/2026

FY 2025 Accomplishments for WebABIS.

- Completed ABIS Modernization features for Periodic Tax Checks and Clean Energy, TIGTA Case, and Chief Counsel
- Completed Identity and Access Management (IdAM) checklist, System Security Plan, and BEARS Entitlements for user access
- Completed Employee Case and Contractor Case features
- Completed Control Document Interface
- March 25, 2025 - completed data migration of contractor case documents (years 6 - 23). WebABIS meets data retention requirements
- June 18, 2025 - retired legacy ABIS. IRS is compliant with NIST
- December 24, 2025 – completed WebABIS Go-Live

FY 2026/2027 Future Objectives

- Support technical analysis and troubleshooting for WebABIS data migration from current IEP cloud storage to Treasury's cloud storage for the Treasury Adjudication Tracker common service
- Continuously deliver WebABIS enhancements on a monthly release cycle until Treasury Adjudication Tracker go-live (Initial Target Date: 03/28/2026)
- Complete WebABIS retirement/decommissioning. Note: This is dependent on the Treasury Adjudication Tracker go-live

Network Services

Description:

The Network Services investment supports the IRS enterprise network infrastructure across on-premises, remote, and cloud environments by delivering secure, high-availability services that enable mission-critical tax administration systems and digital services. It encompasses LAN, WAN, software-defined, and cloud networking across hybrid environments, including secure remote access through VPN and zero trust principles, and integration with commercial cloud providers. The investment includes essential hardware and software components—such as routers, switches, firewalls, load balancers, DNS, and monitoring and automation tools—as well as telecommunications services with built-in redundancy to ensure continuity of operations. It also advances modernization efforts, including IPv6 adoption, network segmentation, encryption in transit, and alignment with zero trust architecture. Through centralized management, standardized configurations, and automation, Network Services enhances operational efficiency, scalability, cost effectiveness, and compliance with federal requirements, including FISMA and NIST, while maintaining strong performance, reliability, and security across the IRS enterprise network.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	63.94	96.24	89.60	-6.64	-6.90%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	319.48	358.89	344.40	-14.48	-4.04%
Total Obligations	383.43	455.12	434.00	-21.12	-4.64%

Purpose, Accomplishments, Future Objectives:

The purpose of this Investment includes enhancing network services for storage, computing, and users through cloud, internet, and remote access. It is designed to modernize network infrastructure, adopting technologies like PCI-express network fabrics and 5G, reducing IT footprint, and transitioning from wired to mobile devices for seamless, always-connected service.

The goal of this Investment includes network enhancements by embracing advanced network fabrics and implementation of intent-based networking, designed to simplify operations, increase agility, and fortify security through advanced automation.

The benefits of this Investment include an increase to network security via geo-fencing for mobile devices and automated network tuning for edge-content delivery. The Investment also supports distributed workflows, remote and mobile users, effectively aligning with contemporary work patterns. This leads to a more resilient, efficient, and adaptable network system, ensuring optimal performance and user experience.

FY 2025 Accomplishments:

Network Expansion and Reliability:

- Completed Unified Voice Network (UVN) circuit transition for Integrated Business Return (IBR) traffic to the Unified Voice Network (UVN) ring
- Increased bandwidth capacity at Points of Delivery (PODs), with 391 of 397 sites completed in Phase 2 (499 of 505 sites overall, 98 percent)

- Implemented Recovery Time Objective (RTO) bandwidth increases at multiple sites, enabling Internal Revenue Service (IRS), Small Business Administration (SBA), and Department of the Treasury (Treasury) co-location and shared network infrastructure.

Customer Communications Gateway (CCG) Network Modernization and Test Laboratory:

- Completed technical investigations, secured stakeholder alignment, and finalized procurement for the new Customer Communications Gateway (CCG) architecture.
- Designed and began equipping the Engineering Test Laboratory, including requirements definition, production-mirroring solutions, laboratory space planning, and establishment of network baselines.

Internet Protocol Version 6 (IPv6) and Dual-Stack Enablement:

- Achieved 89 percent dual-stack capability (Internet Protocol Version 4 (IPv4) and Internet Protocol Version 6 (IPv6)) for Government-Furnished Equipment (GFE) assets
- Configured Cloud Services Branch (CSB) Enterprise Partner Zone (EPZ) with dual-stack support; and implemented Internet Protocol Version 6 (IPv6) address allocation for Prisma Access.

Secure Access and Zero Trust Initiatives:

- Deployed Palo Alto GlobalProtect secure access solution to more than 1,600 users
- Developed proxy migration from McAfee secure web gateway to Palo Alto Networks platform
- Implemented secure domain override for cloud.databricks.us
- Collaborated with Accenture Federal Services on public Domain Name System (DNS) configuration for Filing Season 2026 (FS2026); and initiated Secure Access Service Edge (SASE) architecture foundations

Cloud Services Branch (CSB) Enterprise Partner Zone (EPZ) Connectivity:

- Implemented Integrated Enterprise Portal (IEP) connectivity for Government East (Gov East) and Government West (Gov West) environments.

FY 2026/2027 Future Objectives:

Network Expansion and Reliability:

- Transition Internal Revenue Service Enterprise Telecommunications Enterprise Local (ETEL) Session Initiation Protocol (SIP) voice traffic to the Unified Voice Network (UVN) ring
- Complete Recovery Time Objective (RTO) bandwidth upgrades at all sites; finalize the remaining six Points of Delivery (POD) bandwidth upgrades; and complete Gigamon Data Broker migration.

Customer Communications Gateway (CCG):

- Modernization and Test Laboratories: Configure and install infrastructure equipment, implement Layer 1 through Layer 4 networking capabilities, consolidate firewall platforms, and migrate three CCG sites to production readiness.
- Establish fully operational Engineering Test Laboratories at Martinsburg (MTB) and Memphis (MEM), including circuit connectivity and full equipment configuration.

Router and Switch Refresh:

- Refresh 631 router and switch assets, with procurement initiated through Investment Planning and Procurement (IPP) submission.

Internet Protocol Version 6 (IPv6) Adoption:

- Ensure 10 percent of Government-Furnished Equipment (GFE) assets are communicating using Internet Protocol Version 6 (IPv6) exclusively.

Wireless and Software-Defined Wide Area Network (SD-WAN):

- Continue Aruba and Cisco wireless migration efforts.
- Advance Software-Defined Wide Area Network (SD-WAN) capabilities by completing Internet Transport Pilot testing and initiating multi-year site-type modifications across approximately 500 Points of Delivery (PODs).

Cloud Services Branch (CSB) Enterprise Partner Zone (EPZ) Alignment:

- Complete Government West (Gov West) redesign to align with Government East (Gov East) architecture.

Platforms & Applications

Description:

Platforms and Applications addresses the architectures, technologies, and platforms that the IRS uses to create, deliver and deploy new enterprise applications – including API or Microservices, web and mobile platforms, event-driven architecture, messaging and streaming middleware, application frameworks and environments, machine learning, AI, data analytics, and continuous integration or continuous deployment tools.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	61.78	85.06	154.10	69.05	81.18%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	127.21	140.27	208.38	68.10	48.55%
Total Obligations	188.99	225.33	362.48	137.15	60.87%

Purpose, Accomplishments, Future Objectives:

The purpose of this Investment is to ensure that the IRS possesses a cutting-edge, robust, and resilient Information Technology (IT) infrastructure that can deliver high-quality services and solutions. This is achieved by focusing on the enhancement and modernization of architectures, technologies, and platforms that are utilized in the creation, delivery, and deployment of new enterprise applications. The IRS aims to transition from aging systems to more modern business solutions that leverage Application Programming Interface (API) / microservices, event-driven architecture (EDA), robust synthetic data, enterprise web portals, and cloud-based delivery platforms. The shift towards cloud-native applications, container platforms, and microservices aims to provide superior workload portability and scalability.

The goal of this Investment is to reconstruct and replace outdated applications with advanced business solutions that are future-proof and can adapt to technological changes by employing API/microservices, EDA, enterprise web portals, and cloud-based delivery platforms that feature low-code/no-code development, Platform as a Service (PaaS), and Software as a Service (SaaS). The IRS aims to expedite application delivery. Further, the IRS is focused on the deployment of new cloud-native applications and microservices to container platforms, thereby optimizing workload portability and scalability across on-premises and cloud providers.

The benefits include accelerated application delivery due to automation in governance, security scans, and functional testing. It ensures future-proof applications by enabling them to evolve with changing technologies and requirements, thanks to their modular, loosely coupled components. The adoption of container-based application deployment greatly increases the portability of applications between on-premises infrastructure and cloud platforms. Additionally, the simplification and standardization of the agency's IT portfolio significantly reduces cost, legacy code risk, and technical debt while improving security.

FY 2025 Accomplishments:

- Developed 73 automations and five Digital Assistants to improve employee productivity across the enterprise, resulting in reduced human errors, faster delivery, user and process efficiencies, support digitization, and reduced operational and enterprise risks.
- Made Ingested Modernized Tax Return Database (MTRDB) available for Large Business and International (LB&I) and Research, Applied Analytics & Statistics (RAAS), Electronic Case Receipts

(ECR), Audit Information Management System (AIMS), AIMS – Centralized Information System (ACIS), and Individual Master File Returns Transaction File (IRTF) into Databricks.

- Created Data Products for Tax Account Management Services / Information Returns Data Access Service (TAMS / IRDAS).
- Implemented High Profile Taxpayer Identification Number (TIN) filtration.
- Delivered two quarterly releases of Common Enterprise Services Standards & Guidelines.
- Deployed Joint Enterprise Tax Calculation Solution (JETCS) Integration and Orchestration System (JIOS) with Decision Modeling, Inc. (DMI) Penalties & Interest and Employee Tax Calculator services capabilities.
- Delivered Application Programming Interface (API) Inventory identifying application services available in the Internal Revenue Service (IRS) to support modernization.
- Identified 10 common enterprise services for reuse and efficiency in development activities.
- Established foundational event-driven platform to enable real-time transaction processing.
- Implemented Trustworthy Artificial Intelligence (AI) baseline controls (bias checks, governance hooks, audit trails) in Lab models, reducing rework costs and improving auditability.
- Onboarded initial mission use cases into Advanced Analytics Program, including fraud detection and improper payment prevention (RAAS), taxpayer services analytics to improve call center workload and correspondence routing, Large Business and International (LB&I) compliance scoring and anomaly detection, and identity theft/refund integrity models.

FY 2026/2027 Future Objectives:

- Operationalize 15–20 models into production with embedded Trustworthy Artificial Intelligence (TAI) controls.
- Extend beyond individual Large Language Model (LLM) use cases to pilot agent-based artificial intelligence (AI) systems capable of reasoning, planning, and automating multi-step workflows.
- Adopt Reflexive AI by providing the enterprise platform, secure workspaces, compliance guardrails, and standardized AI tools that divisions would otherwise need to build separately.
- Develop and deploy 20 brand new automations with at least one analytic integration with Databricks to improve employee productivity across the enterprise.
- Establish new Enterprise Data Platform (EDP) platform infrastructure and pipelines that reduce friction for the Internal Revenue Service (IRS) to enable new capabilities and cloud-agnostic tools (e.g., Datasync, Document Management System (Amazon Web Services (AWS) Database Migration Service (DMS))).
- Reduce data latency and make data available for secure consumption and distribution.
- Improve data discoverability through integration with Databricks E2 and Palantir.
- Common Services & Integration (CS&I) Program (formally Common Enterprise Services (CES)) scope and delivery schedule is being reassessed due to reprioritization of the Information Technology (IT) portfolio.
- Create robust synthetic data to support more thorough testing of individual and business tax forms and schedules and reduce risk to taxpayers by ensuring Federal Tax Information (FTI) is kept solely in production environments instead of being copied to pre-production environments to support testing.
- Provide real-time processing of validation events for Trump Accounts, ensuring faster account creation and updates to improve service delivery and enhance the taxpayer experience.
- Enable near real-time access to Centralized Authorization File (CAF) data, which provides information related to authorization records between tax professionals and taxpayers.
- Provide near-real time data access to Account Management System (AMS), empowering Taxpayer 360 (TP360).

- Enable the 1040X application to publish real-time notifications on the processing status of amended returns.
- Modernize processing validation and perfection events in real time instead of batch processing.

Storage Services

Description:

This investment enhances IRS enterprise storage by improving performance, scalability, security, and cost efficiency through the Managed Infrastructure Data Services (MIDS) consumption-based model. It supports mission-critical systems and key IT priorities while enabling scalable, resilient, and standardized storage aligned with modernization efforts. By eliminating capital expenditures and optimizing usage, the model reduces total cost of ownership and increases cost transparency. Additionally, it streamlines operations, strengthens security and compliance, and shifts infrastructure management to the provider, allowing the IRS to focus on mission-critical initiatives. Overall, the investment drives operational efficiency, supports enterprise modernization, and provides a flexible foundation to meet evolving data demands.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	6.12	0.00	0.00	0.00	0.00%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	37.42	57.41	74.18	16.77	29.21%
Total Obligations	43.53	57.41	74.18	16.77	29.21%

Purpose, Accomplishments, Future Objectives:

Purpose and Mission Contribution: This investment modernizes and operates IRS enterprise storage and data protection services through the MIDS Infrastructure-as-a-Service (IaaS) platform, delivering scalable, secure, and resilient storage capabilities across hybrid environments. It directly supports mission delivery by ensuring reliable storage, protection, and access to taxpayer data that underpins critical functions such as tax processing, compliance, analytics, and taxpayer services. Key customers include IRS business units such as Wage and Investment, Small Business and Self-Employed, Criminal Investigation (CI), and Research, Applied Analytics, and Statistics (RAAS), as well as IRS IT organizations and Treasury stakeholders. External beneficiaries include taxpayers and financial partners who rely on secure, accurate, and timely services.

FY 2025 Accomplishments:

- Executed full transition to the Managed Infrastructure Data Services (MIDS) Infrastructure-as-a-Service (IaaS) environment, establishing a consumption-based model for compute and storage provisioning, lifecycle management, and scalability.
- Implemented and operationalized the Enterprise Container Platform (ECP), enabling standardized orchestration and management of containerized workloads across the enterprise.
- Completed migration and steady-state operations of Tier 1 storage, improving performance, availability, and centralized storage management.
- Decommissioned the legacy Veritas NetBackup platform following successful migration to modernized backup solutions, reducing technical debt and operational overhead.
- Deployed and configured Scality Artesca object storage in the Austin data center to support long-term retention use cases (less than 60-day active retention tier), enhancing scalability and cost-efficient archival storage.
- Collaborated with Research, Applied Analytics, and Statistics (RAAS) and Internal Revenue Service (IRS) Data Protection teams to design and implement Commvault data protection plans, initiating enterprise data migration to a unified backup and recovery platform.

- Delivered Phase 1 of the Storage Consolidation Project, executing 20 infrastructure changes to rationalize storage environments and establish a standardized foundation for Phase 2 validation and optimization.
- Facilitated Managed Service Provider (MSP) delivery of a Decision, Analysis, and Resolution (DAR) assessment to define the future-state virtualization architecture and inform modernization strategy.

FY 2026/2027 Future Objectives:

- Design, implement, and operationalize an enterprise long-term retention backup solution to enhance data durability, compliance, and disaster recovery capabilities for Internal Revenue Service (IRS) mission-critical systems.
- Enable standardized infrastructure patterns to support application development and deployment across both containerized (Enterprise Container Platform (ECP)) and non-containerized platforms, improving portability and scalability.
- Establish migration frameworks and toolsets to transition existing infrastructure-managed servers into the Managed Infrastructure Data Services (MIDS) environment, ensuring consistent performance, governance, and cost efficiency.
- Define and formalize roles, responsibilities, and governance models between the Managed Service Provider (MSP) and the Internal Revenue Service (IRS) to strengthen oversight, service quality, performance management, and consumption-based cost controls.
- Execute Phase 2 of the Storage Consolidation Project, focusing on validation, optimization, and further reduction of redundant storage systems to improve efficiency and standardization.
- Implement advanced virtual machine performance optimization strategies, including resource right-sizing and utilization-based scaling, to enhance application performance, ensure resource availability during peak demand (for example, filing season), and improve overall customer experience.

Benefits (Quantitative and Qualitative):

Quantitatively, this investment reduces total cost of ownership by eliminating capital expenditures for storage hardware, licensing, and maintenance while enabling pay-for-consumption usage. It reduces operational overhead, improves resource utilization, and accelerates provisioning timelines.

Qualitatively, it enhances data resiliency, strengthens security through encryption and compliance with federal standards, improves system reliability, and enables faster, more efficient service delivery.

Overall Impact:

This investment provides a modern, standardized, and scalable storage foundation that supports IRS mission-critical operations, improves operational efficiency, reduces risk, and enables continued modernization. It ensures secure, reliable, and cost-effective data management while positioning the IRS to meet evolving mission and taxpayer service demands.

Tax Account Management

Description:

Tax Account Management processes all creations, updates, and deletions for a variety of tax filing entities. Additionally, it maintains centralized access to billions of tax records and provides critical account services to process tax returns, payments and fees, and other types of financial transactions.

Tax Account Management supports the other business areas by providing the ability to access and update the taxpayer account data necessary to investigate, respond to, and resolve taxpayer account issues, provide refunds for disbursement, issue notices and transcripts, etc.

Tax Account Management is responsible for tax accounting processes (e.g., financial reporting and maintaining the general ledger) and responding to the annual Government Accountability Office (GAO) Audit of Financial Systems.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	193.65	224.37	195.09	-29.28	-13.05%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	98.29	92.04	75.66	-16.38	-17.80%
Total Obligations	291.94	316.41	270.75	-45.66	-14.43%

Purpose, Accomplishments, Future Objectives:

The purpose of this investment is to modernize the IRS' core tax processing systems, retire aging legacy systems, and enhance account management capacities. By leveraging modern code, services, and technologies, the IRS aims to cultivate a technologically advanced ecosystem that offers a more user-centric approach to tax management. An event-driven framework and microservices / service-based architecture will enable near real-time transaction processing, refining the IRS' ability to manage tax returns, fees, and account actions more effectively.

The goal of this investment includes modernization of core tax account processing to enable the expansion of self-service options for individuals and businesses through enhanced transaction processing and easier access to data with the integration of the Enterprise Data Platform (EDP) and deploying modern data access services.

The IRS aims to transform its notice and correspondence processing environment, making it more streamlined to generate, review, distribute, and archive notices.

Overall, the goal is to deliver a modern, efficient, and user-friendly tax processing environment. The benefit of this investment includes the modernization of the IRS' core tax processing systems, which is fundamentally an operational risk mitigation to reduce reliance on outdated programming languages and restrictive data structures. Incoming IRS staff are increasingly unfamiliar with legacy programming languages and data structures currently in use at the IRS, except for a subset of employees who are retirement eligible.

The following high-level outcomes are expected through this investment:

- Reduce Operational Risk / Resiliency / Simplification - Core account data, processing, and case management systems are straightforward to update and maintain with common technical skills (e.g., engineering and development) available in the market today (assuming training in tax administration).
- User Experience / Data Access - Authorized taxpayers, employees, and systems can access core account and case data in near real time with appropriate security controls and monitoring to prevent unauthorized access.
- Velocity / Flexibility - IRS can implement new or expanded capabilities, legislative mandates, and tax code changes faster, more frequently, and more incrementally.

Enhanced flexibility, modularity, and availability are key to enabling a smoother, more efficient tax processing experience. Furthermore, accurate and timely data significantly improves issue resolution speed and financial reporting precision, enabling the IRS to serve the taxpayer better. Near real-time processing leads to improved compliance during filing, agility, and responsiveness in end-to-end tax processing. Overall, this Investment will bolster tax processing, allowing for a more streamlined and taxpayer centric approach.

FY 2025 Accomplishments:

IMF Modernization Program:

- The program made strong progress in modernizing IMF Pre-Posting by converting multiple runs (6–11) from legacy code to Java and deploying them to production, improving agility and enabling incremental delivery. Performance was further enhanced by leveraging AI-assisted tools to improve the Pre-Posting Java code. Foundational work was completed for future modernization, including analysis of the Transaction Integration Bridge (TIB), logic harvesting for Address Hygiene, and collaboration with GMF Mod. Additionally, development environments were strengthened through JCL setup and successful baseline and scalability testing.

IMF Operations & Maintenance (O&M):

- IMF O&M maintained stable operations, supporting individual taxpayer account processing and implementing tax law changes. A key milestone was the successful integration of the Individual Tax Processing Engine (ITPE) into production, with consistent execution of critical runs (J12 and J15) since mid-2025.

Tax Account Management System:

- Completed 6/27/2025 – User Friendly Tax Record (UFTR)
- Delivered the User-Friendly Tax Record (UFTR) capability, enabling Individual Online Accounts (IOLA) to present a streamlined, user-friendly summary of posted tax return information. This enhancement improved the taxpayer experience by supporting pre-filing, tax filing, and payment activities, while increasing taxpayer compliance and reducing customer service call volume through better access to historical account data.
- Completed 1/27/2026 – Taxpayer Information Service (TIS)
- Implemented the Taxpayer Information Service (TIS), consisting of three high-performance APIs that provide Taxpayer, Tax Module, and Tax Account data from the CADE2 Operational Data Store (ODS). This capability enabled efficient, parameter-driven data retrieval for consumers and significantly improved transaction throughput, meeting and exceeding performance requirements.
- Completed 1/27/2026 – Business Event Store (BES)
- Deployed the Business Event Store (BES) in conjunction with the Transaction Generation Service (TGS) to support the storage and generation of transactions for updating Individual Master File (IMF) taxpayer records. Integrated with the Housekeeping Service (HKS), this solution ensured accurate

tracking and status updates of dispatched transactions as “posted” or “unpostable” within the Event Store.

- Completed 3/4/2026 – GMF Modernization (Form 4868)
- Delivered GMF Modernization for Form 4868, enabling U.S. citizens and residents to electronically request automatic extensions for filing individual income tax returns, improving processing efficiency and enhancing taxpayer accessibility.

FY 2026/2027 Future Objectives:

IMF Modernization Program

- The focus shifts to expanding modernization by fully transitioning additional Pre-Posting runs (2–11) from Assembly to Java and upgraded infrastructure. The program will scale core components like the Business Event Store (BES), TIB, and Transaction Generation Service (TGS) to support more transaction types. Work will also begin on Account Finalization Runs and the Account Store, while enabling upstream systems to use shared services (J12, TIS). Continued logic extraction from legacy runs will support future intake and processing modernization.

IMF Operations & Maintenance (O&M)

- IMF O&M will support ongoing modernization by translating key IMF runs from Assembly to Java in coordination with CADE 2 and ITPE efforts. The program will continue maintaining daily operations, implementing tax law updates, and delivering legislative mandates such as OB3. It will also strengthen collaboration across dependent programs and further integrate ITPE into the IMF O&M organization.

Tax Account Management System (TAMS)

- TAMS is positioned to meet the emerging data needs of modern systems, such as Individual Online Accounts (IOLA) and TaxPro, through the Taxpayer Information Service (TIS). In addition, TAMS is well-positioned to support the ongoing modernization of legacy systems, including GMF and IMF. Future objectives include advancing GMF Modernization through Wave 1, focused on Employment Tax Forms, and Wave 3, targeting Partnership and Excise Tax Forms. Further enhancements include improving IOLA refund status capabilities and continuing modernization efforts for the GMF Form 1040 to strengthen overall system performance and taxpayer experience.

User Services

Description:

The IRS employee experience will include any IRS GFE and shared tools for collaboration, communication, or productivity, as well as input-output services such as printing and scanning supporting day-to-day operations.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	18.48	0.00	0.00	0.00	-33.89%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	302.24	254.36	277.21	22.85	8.98%
Total Obligations	320.71	254.36	277.21	22.85	8.98%

Purpose, Accomplishments, Future Objectives:

The purpose of this Investment is to provide secure, reliable, innovative, and cost-effective IT computer hardware, software, services, and support for IRS employees in delivering the IRS' Tax Administration mission. User Services provides end user focused Information Technology (IT) products and services for all IRS employees. User Services includes annual funding for the provisioning of end user technology as well as the day-to-day operations, maintenance, services, and support of all end user technologies at the IRS as required by Federal Information Technology Acquisition Reform Act (FITARA).

The goal of User Services includes maintaining a secure, stable, and innovative workplace computing environment that provides IRS employees with state-of-the-industry computing devices, applications, security defenses, business tools and associated end user services to maximize their uptime and productivity, while providing compliance with both NIST and Defense Information Systems Agency (DISA) security requirements. Additionally, the User Services facilitates delivery of user focused IT projects and initiatives that enable.

FY 2025 Accomplishments:

- Implemented the IT SD Voicebot Tuning session and SEID Improvements for Call flows, re-prompts, and routing labels.
- Expanded the use of Robotics Process Automation (RPA) technology to design and maintain RPA solutions for the automation of the Customer Service Sections use cases and implementation within ServiceNow.
- Implemented Impact 360/Contact Recording Screen Captures to all IT Service Desk Specialists to enhance quality review.
- Supported 49 trials to ensure legal IT readiness.
- Provided additional IT support for over 4,900 IRS employees during Return to In-Person Work, hosting daily walk-in and virtual support.
- Wide-Area Network (WAN) expansion completed for all 20 targeted sites, improving connectivity and Filing Season readiness.
- Installed 252 of 268 network switches and routers resulting in a 94 percent completion rate of project refreshes.
- Supported the deployment process of 9,528 New Hires laptops, 7,148 Break/Replace laptop and 13,627 Refresh laptops.
- Resolved over 106,430 incidents and 264,872 service catalog support request tickets.

- Completed the Transition to ServiceNow Information Technology Hardware Asset Management System Out of the Box capabilities.
- Transitioned 890 of 1011 supplemental workstations from VMW to Citrix/ Nutanix, the remaining 121 workstations were updated and pooled for distribution.
- Turned on "Deny All" policy on IRS machines to satisfy PCA 2-5-1 requirements.
- Upgraded 100,000 Enterprise Common Operating Environment (COE) workstations to Windows 11 23H2.
- Upgraded 70,000 clients to latest Info Connect version 18.
- Implemented a minimal viable product to leverage Windows Autopilot for a Zero Touch Workstation Deployment Model.
- Implemented Adobe Acrobat Sign to provide simple and secure electronic signatures for IRS employees and U.S. taxpayers.
- Completed/achieved Authority to Operate for Adobe Acrobat Sign project.
- Migrated Adobe Acrobat Pro and Read from 32bit to 64bit version.
- Migrated to Teams 2 that require incorporation WebView 2.
- Upgraded ITMS to version 8.7.3, reduced our server footprint from 8 to 3.
- Introduced Application Control System whitelisting with Delinea.
- Deployed 8,887 new hire workstations/ laptop bundle.
- Successfully migrated headset provisioning improving the ordering process.
- Implemented automated processes in IRWorks and physical processes onsite to collect 7,300 Probationary Employee's, 20,100 Deferred Resignation employees' and 3,000 reinstated Probationary employees' equipment. This included implementing processes to return equipment when ordered to return to the agency.
- Processed 8,700 enterprise-wide IT equipment disposals, including 8,100 laptop disposals.
- Modernized COE Application Registration (App Reg) database; leading agile, scrum approach; standups, demos, sprints with Microsoft to migrate critical App Reg database to Teams or SharePoint.
- Developed a Microsoft Power BI (Business Intelligence) connector to Common Operating Environment Application Registration database to provide a real-time software pipeline process dashboard on SharePoint.
- Modernized equipment provisioning processes to reduce administration overhead and increase efficiency.
- Deployed NetApp Disk Array Refresh.
- Upgraded Cisco Call Manager (CUCM)/Unity Connection (CUC)/Emergency Responder (CER) to version 15, the Akkadian Provisioning Manager to the Major Version and vCenter ESXi Version to mitigate BOD 22-01.
- Reduced/Renewed AtHoc Licenses from 110,000 to 90,000.
- Completed 29 Site (POD) Closures.

FY2026/2027 Future Objectives (deployments/additions):

- Full rollout of Modern Laptop initiative; BitLocker/Intune.
- Pilot, test and evaluate remote workstation deployment (Autopilot).
- Intune Migration and continuous optimization.
- Launch Service Now Live Chat for IRS internal support.
- Optimize Service Now Asset Tracking using GenAI.
- Enterprise BitLocker / FileVault Migration.
- Deploy ServiceNow Proactive Scanning, evaluate and expand coverage of GenAI.
- AI/RPA (Aternity, UiPath, ServiceNow AI) build/test and deploy ServiceNow proactive AI for tickets and responses and Service Now AI/knowledge automation.

- Define scope and locations for Hardware Vending (accessories) and integrate with ServiceNow requests.
- Expand portfolio to include Macs, iPhones, iPads, Surface PCs.
- Continue rollout of remote workstation deployment (Autopilot) and optimize Intune.
- Continuing expansion of Service Now Live Chat for IRS internal support, Asset Tracking and Proactive Scanning using GenAI.
- Enterprise BitLocker / FileVault Migration.
- Launch Hardware Vending (accessories) integrated with ServiceNow requests.
- Provide a full portfolio to include Macs, iPhones, iPads, Surface PCs with live support.
- Implement AI technology to improve operations in critical areas.

Major Non-IT Investments

Criminal Investigation Owned Vehicles

Description:

The IRS-Criminal Investigation Business Unit maintains ownership of approximately 65 Vehicles including Commissioners Protective Detail and surveillance vehicles. Vehicles used for undercover Criminal Investigations and International Vehicles are not reported in Treasury's FAST System due to sensitivity. Vehicles used to support IRS investigations must meet the mission critical need to conduct criminal law enforcement activities.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	0.00	0.00	0.00	0.00	0.00%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	1.10	0.00	0.00	0.00	0.00%
Total Obligations	1.10	0.00	0.00	0.00	0.00%

Purpose:

The vehicles will be used to support IRS-CI investigations and protective detail functions.

Criminal Investigations Capital Assets

Description:

This investment is managed by Criminal Investigation and includes items such as body armor, protective ballistic equipment, weapons, and radio systems.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	0.00	0.00	0.00	0.00	0.00%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	30.5	8.6	11.1	2.5	29.07%
Total Obligations	30.5	8.6	11.1	2.5	29.07%

Purpose:

This investment is managed by Criminal Investigations. These assets are used to protect CI special agents from threats and bodily injury while performing their law enforcement duties including conducting investigations concerning alleged criminal tax fraud violations, financial crimes, and other related offenses.

Leasehold Improvements

Description:

Leasehold Improvements projects are the design, construction, or alteration of interior space.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	0.00	0.00	0.00	0.00	0.00%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	20.08	66.66	45.78	-20.88	-31.32%
Total Obligations	20.08	66.66	45.78	-20.88	-31.32%

Purpose:

The purpose of leasehold improvement projects is to modify space, so it functions effectively for a federal agency's mission. These projects transform empty shell, or basic office space into functional federal workspace and support mission-specific requirements.

Security Equipment

Description:

Security Equipment includes access control systems, video surveillance, intrusion detection, and visitor screening equipment necessary to secure federal facilities and operations.

Investment Obligations: (In Millions of \$):

Type	FY 2025 Actuals	FY 2026 Estimated Obligations	FY 2027 Estimated Obligations	Change in \$	% Change
Sub-Total DME Obligations (Including Internal labor (Govt. FTE))	0.00	0.00	0.00	0.00	0.00%
Sub-Total O&M Obligations (Including Internal Labor (Govt. FTE))	2.96	1.22	1.32	0.1	8.20%
Total Obligations	2.96	1.22	1.32	0.1	8.20%

Purpose:

The IRS uses facility-specific security assessments to prioritize asset needs and develop criteria for replacing equipment in a given facility. Additionally, emergency needs arise over the course of the year. These needs are ranked and funded according to the effect the equipment has on the overall security posture.

The need for equipment can arise at any time, such as when employees are moved into a new building, during internal moves, or intermittently when equipment needs to be replaced. The benefit of this capital asset investment is that it supports the IRS priority to provide a safe and secure environment for its employees, equipment, and facilities.

Appendix A: Acronyms and Abbreviations

Acronym	Definition
A2A	Application-to-Application
ACDS	Appeals Centralized Database System
ACS	Automated Collection System
AI	Artificial Intelligence
AIMS	Audit Information Management System
AIR	Affordable Care Act Information Returns
AIS	Automated Insolvency System
AMS	Account Management Services
AOIC	Automated Offer in Compromise
API	Application Programming Interface
ATFR	Automated Trust Fund Recovery
AUR	Automated Underreporter
AWS	Amazon Web Services
BES	Business Event Service
BI	Business Intelligence
BIOS	Basic Input/Output System
BMF	Business Master File
BTA	Business Tax Account
CADE2	Customer Account Data Engine 2
CAPS	Computer Assisted Publishing System
CARSR	Collection Activity Reports (Statutory Reports)
CCG	Customer Communications Gateway
CE	Clean Energy
CEAS CU	Correspondence Examination Automation System CPE Unix
CI	Criminal Investigation
CIMIS	Criminal Investigation Management Information System
CIP	Capital Investment Plan
CM	Case Management
COE	Common Operating Environment
CRM	Customer Relationship Management
CSB	Cloud Security Boundary
CSR	Customer Service Representative
CTS	Common Transmission System
DARE	Data at Rest Encryption
DAR	Decision, Analysis, and Resolution
DCCP	Digital Contact Center Platform
DEP	Digital Enablement Platform
DIM	Digital Inventory Management
DISA	Defense Information Systems Agency
DMAF	Digital Mobile Adaptive Forms
DNS	Domain Name System
DUT	Document Upload Tool
EARP	EP/EO/GE AIMS Report Processing Systems

ECM	Enterprise Case Management
ECP	Enterprise Container Platform
EDA	Event-Driven Architecture
EDP	Enterprise Data Platform
EPZ	Enterprise Partner Zone
ERCS	Examination Returns Control System
ERIS	Enforcement Revenue Information System
ESS	Enterprise Storage Services
ETEL	Enterprise Telecommunications Enterprise Local
FATCA	Foreign Account Tax Compliance Act
FedRAMP	Federal Risk and Authorization Management Program
FIRE	Filing Information Returns Electronically
FinOps	Financial Operations
FISMA	Federal Information Security Modernization Act
FITARA	Federal Information Technology Acquisition Reform Act
FPLP	Federal Payment Levy Program
FS	Filing Season
FTI	Federal Tax Information
FY	Fiscal Year
GFE	Government-Furnished Equipment
HKS	Housekeeping Service
IaaS	Infrastructure-as-a-Service
IBR	Integrated Business Return
IBM	International Business Machines
ICCE	Integrated Customer Communications Environment
ICS	Integrated Collection System
ICMM	International Compliance Management Model
IDRS	Integrated Data Retrieval System
IDES	International Data Exchange Service
IEP	Integrated Enterprise Portal
IMF	Individual Master File
IPM	Integrated Production Model
IPv4	Internet Protocol Version 4
IPv6	Internet Protocol Version 6
IRDM	Information Reporting and Document Matching
IRIS	Information Returns Intake System
IRMOD	Information Returns Modernization
IRMF	Individual Return Master File
IRWorks	Incident Response Works
IRS	Internal Revenue Service
ISRP	Integrated Submission and Remittance Processing
IT	Information Technology

ITPE	Individual Tax Processing Engine
ITSD	IT Service Desk
LANs	Local Area Networks
LB&I	Large Business and International
LLM	Large Language Model
LMSB	Large and Mid-Size Business
MeF	Modernized e-File
MIDS	Managed Infrastructure Data Services
MLMS	Mail Labels and Media Support
MSP	Managed Service Provider
MSSS	Mainframes and Servers Services and Support
MUSS	Microsoft Unified Support Services
NIST	National Institute of Standards and Technology
NLU	Natural Language Understanding
NOTCON	Notice Conversion
NPP	Notice Print Processing
ODS	Operational Data Store
OIC	Offer in Compromise
OLNR	Online Notice Review
OpsBridge	Operations Bridge
OTIS	Online Tools and Integrated Services
oTel	OpenTelemetry
PaaS	Platform-as-a-Service
QCR	Quality Control Review
RAAS	Research, Applied Analytics, and Statistics
RGS	Report Generation Software
RHEL	Red Hat Enterprise Linux
ROI	Return on Investment
RPA	Robotic Process Automation
RRP	Return Review Program
RRP-LC	Return Review Program Legacy Components
RTO	Recovery Time Objective
SaaS	Software-as-a-Service
SADI	Scalable Analytics Data Infrastructure
SAS	Statistical Analysis System
SASE	Secure Access Service Edge
SCRIPS	Service Center Recognition/Image Processing System
SD-WAN	Software-Defined Wide Area Network
SIP	Session Initiation Protocol
SITSI	Splunk Information Technology Service Intelligence
SLO	Service Level Objective
SQL	Structured Query Language
SWC C2	Selection and Workload Classification Component 2
TAI	Trustworthy Artificial Intelligence

TAMIS	Taxpayer Advocate Management Information System
TAMS	Tax Account Management System
TDS	Transcript Delivery System
TEGE	Tax Exempt and Government Entities
TGS	Transaction Generation Service
TIS	Taxpayer Information Service
TLCATS	Tax Litigation Counsel Automated Tracking System
TSS	Telecommunications Systems and Support
UII	Unique Investment Identifier
UX	User Experience
UVN	Unified Voice Network
VoIP	Voice over Internet Protocol
VPN	Virtual Private Network
WANs	Wide Area Networks
XML	Extensible Markup Language
ZPI	Zero Paper Initiative