

INTERNAL REVENUE SERVICE



Fiscal Year 2026
LAPSED APPROPRIATIONS CONTINGENCY PLAN

9/29/25 Version 2

IRS FY2026 Lapse Appropriations Contingency Plan

IRS SERVICEWIDE SUMMARY OF SHUTDOWN IMPACT

Section 10301 of the Inflation Reduction Act, Pub. L. 117-169, provided supplemental appropriations available through September 30, 2031, for all IRS appropriations accounts. With this funding the IRS will not experience a lapse in appropriations on October 1, 2025, and normal IRS operations will continue.

This FY2026 IRS Shutdown Contingency Plan reflects the following totals who are designated as “exempt” and would be retained in the case of a lapse shutdown.

Non-Filing Season- based on employee population as of 7/24/25, adjusted for DRP

Lapse Plan Summary Overview	Non-Filing Season 10-01-2025 to 12-31- 2025 and 05-01-2026 to 09-30- 2026	Filing Season 01-01-2026 to 04-30-2026
Estimated time (to nearest half day) required to complete shutdown activities:	Up to half a workday	Up to half a workday
Total number of agency employees expected to be on board before implementation of the plan:	74, 299 adjusted for DRP	74,299 adjusted for DRP
Total number of employees to be retained under the plan for each of the following categories:		
A1 - Compensation is financed by a resource other than annual appropriations:	74,299 adjusted for DRP	74,299 adjusted for DRP
A2 - Necessary to perform activities expressly authorized by law:	0	0
A3 - Necessary to perform activities necessarily implied by law:	0	0
Necessary to the discharge of the President's constitutional duties and powers:	0	0
B - Necessary to protect life and property:	0	0
C - Employees performing shutdown actives > ½ day	0	0
Category A1:		
<ul style="list-style-type: none"> Operations will continue with IRA funds 		

OVERVIEW

The IRS Lapse in Appropriations Contingency Plan describes actions and activities for the first five (5) business days following a lapse in appropriations. The plan is updated annually in accordance with guidance from the Office of Management and Budget (OMB) and the

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Department of Treasury. While we do not anticipate using the plan, prudent management requires that agencies prepare for this contingency.

PURPOSE

This Plan is developed for implementation during a lapse in annual appropriations to comply with the requirements of the Anti-Deficiency Act, 31 U.S.C. §§ 1341 and 1342. The Act prohibits agencies from obligating funds exceeding, or in advance of, appropriations and from employing personnel during a lapse in appropriations except as described below.

During a lapse, the IRS may continue certain activities that fall under established exceptions to the Anti-Deficiency Act.

A. Exempt Activities

Category A: Authorized by Law and Funded

Exempt activities in this category include those authorized by law and those funded by multi-year, no-year, and revolving funds or advance appropriations that would not be affected by a lapse in an annual appropriation. Revolving funds that operate almost entirely on offsetting collections from other Federal entities may be forced to close, unless sufficient retained earnings are available to forestall shutdown. Certain activities could be implicitly authorized because of their connection with other operations that are excepted or for which funds otherwise continue to be available. The following are Plan distinctions under Category A:

→ **Category A1 (Exempt)** – Operations will continue with IRA funds.

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IRS EXEMPT POSITION TOTALS

	Non-Filing Season (NF)					Filing Season (FS)				
	A1	A3	B	C	Total	A1	A3	B	C	Total
Commissioner: HQ, Chief Operating Officer, Chief Risk Office, Enterprise Case Management, Taxpayer Experience Office, Trans Strat, Chief Risk Office, Direct File, Chief Tax Compliance Officer	206				206	206				206
-Appeals	1,269				1,269	1,269				1,269
-Chief Financial Officer	411				411	411				411
-Chief Counsel	2,254				2,254	2,254				2,254
-C&L	212				212	212				212
-Criminal Investigations	3,174				3,174	3,174				3,174
-OCRC	88				88	88				88
-FMSS	903				903	903				903
-HCO	2,082				2,082	2,082				2,082
-IT	6,309				6,309	6,309				6,309
-LB&I	5,129				5,129	5,129				5,129
-OPR	15				15	15				15
-OLS	99				99	99				99
-PGLD	461				461	461				461
-PROC	305				305	305				305
-RAAS	434				434	434				434
-RPO	76				76	76				76
-SBSE	15,316				15,316	15,316				15,316
-TAS	1,484				1,484	1,484				1,484
-TEGE	1,623				1,623	1,623				1,623

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-Taxpayer Service	32,381				32,381	32,381				32,381
-WO	68				68	68				68
Total # positions										

TOTAL # EXEMPT POSITIONS

74,299				74,299	74,299				74,299
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EXCEPTED POSITION SUMMARY

Total # exempt positions

Percentage of employees

Total IRS Workforce- based on employee population as of 7/24/25, adjusted for DRP

				74,299					74,299
				Adjusted for DRP					Adjusted for DRP
				74,299					74,299

74, 299 pay status - Based on employee population as of 7/24/25, adjusted for DRP.

407 non-pay status