

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Inflation Reduction Act: IRS Spending on Technology Transformation Efforts

August 11, 2025

Report Number: 2025-IE-R029

HIGHLIGHTS: Inflation Reduction Act: IRS Spending on Technology Transformation Efforts

Final Evaluation Report issued on August 11, 2025

Report Number 2025-IE-R029

Why TIGTA Did This Evaluation

The IRS initially received \$79.4 billion in supplemental funding when the Inflation Reduction Act of 2022 (IRA) was signed into law in August 2022. As of March 2025, Congress subsequently reduced IRA funding to \$37.6 billion. This supplemental funding is available through September 30, 2031.

We initiated this evaluation to provide an overview of the IRS's use of IRA funding for technology transformation projects for Fiscal Years 2022 through 2024.

Impact on Tax Administration

The IRS's reliance on legacy systems, aged hardware, and outdated programming languages pose significant risks to the IRS's ability to deliver its mission. Successfully modernizing IRS systems and developing and implementing new information technology applications are critical to IRS transformation and how the agency does business.

In addition to improving taxpayer services and increasing enforcement efforts, the IRA supplemental funding was to be used to modernize outdated information technology. With this funding, the IRS planned to deliver cutting-edge technology and analytics to operate more effectively.

What TIGTA Found

The IRS has a history of cost overruns and delays in its information technology modernization efforts. However, in September 2024, we concluded that in Fiscal Year 2023, the IRS was making progress in its modernization efforts while adhering to its IRA strategic goals.

The IRS uses funds for its technology transformation efforts from Operations Support and the Business Systems Modernization budget activities. The IRA provided \$25.3 billion in the Operations Support budget activity and \$4.8 billion in the Business Systems Modernization budget activity. From the passage of the IRA in August 2022 through March 4, 2025, the IRS has spent approximately \$5.7 billion of its IRA funding on technology transformation efforts.

In March 2025, the Department of the Treasury (Treasury Department) announced a strategic pause of IRS modernization efforts. IRS officials indicated that IRS modernization efforts have undergone a significant shift under the new Administration and work regarding the IRA Strategic Operating Plan has been put on hold. Under the new Administration's direction, the IRS is prioritizing modernization efforts focused on business outcomes and mission alignment.

The Treasury Department and IRS leadership also made a determination about the best way to improve agency performance. In March 2025, leadership decided to place 48, primarily nontechnical, information technology executives in technical decision-making roles on temporary paid administrative leave while restructuring efforts were underway. An April 2025 Treasury Department news release announced that the IRS has "removed non-technical staff from technical leadership roles in engineering and replaced them with experienced engineers and the IRS is in the process of transitioning all non-technical staff out of engineering." According to the news release this restructuring has allowed for better and faster decision-making.

Further, in an April 2025 newsletter to information technology employees, the IRS Acting Chief Information Officer outlined immediate priorities and next steps. These steps included preparing for the next filing season and accelerating progress in critical areas that require more coordination and faster progress.

The Acting Chief Information Officer also highlighted the launch of the Technical Roadmapping Initiative. This initiative is organized around four key priorities that include establishing an interface to enable consistent and secure access to core systems and data across platforms. The initiative also focuses on making it easier to build, test, and deploy software with fewer barriers; and pushes to eliminate paper-based processes.

What TIGTA Recommended

This report provides information only. No recommendations were made in the report.



TREASURY INSPECTOR GENERAL

for Tax Administration

DATE: August 11, 2025

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM:

Nancy A. LaManna

A handwritten signature in cursive script that reads "Nancy LaManna".

Deputy Inspector General for Inspections and Evaluations

SUBJECT:

Final Evaluation Report – Inflation Reduction Act: IRS Spending on
Technology Transformation Efforts (Evaluation No.: IE-25-003-I)

This report provides an overview of the Internal Revenue Service's (IRS) use of Inflation Reduction Act funding for technology transformation projects for Fiscal Years 2022 through 2024.¹ This review is part of our Fiscal Year 2025 Annual Program Plan and addresses the major management and performance challenge of *Managing IRA Transformation Efforts*.

This report was prepared to provide information only. No recommendations were made in the report.

If you have any questions, please contact me or Kent Sagara, Director, Inspections and Evaluations.

¹ Pub. L. No. 117-169, 136 Stat. 1818.

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Background

The Internal Revenue Service's (IRS) reliance on legacy systems and aged hardware, coupled with its use of outdated programming languages, pose significant risks to the IRS's ability to deliver its mission. Successful modernization of IRS systems, including the development and implementation of new information technology applications, are critical for helping the IRS transform tax administration and how the agency does business. However, modernizing the IRS's computer systems has been a persistent challenge.

Overview of IRS modernization efforts

The IRS has had several major modernization initiatives since the 1970s. Early unsuccessful initiatives included the Tax Administration System modernization efforts of 1970 and 1980. These efforts were halted in part due to concerns about taxpayer privacy and data security. In 1986 through 1996, the IRS began its Tax Systems Modernization. The original plans for this program involved IRS executives directing a 15-year effort with estimated costs between \$8 to \$10 billion. After 10 years, and over \$3 billion spent with minimal improvements, the IRS agreed to use a contractor to develop the modernized systems. This initiative would become Business Systems Modernization (BSM).

In December 1998, the IRS awarded a contract for the BSM program. It was estimated that the program would last 15 years, and contractor costs would be approximately \$8 billion. In January 2005, due to budget reductions and concerns regarding contractor performance, the IRS began to transition many activities from the contractor and took over the primary role as the systems integrator for all projects. In 2008, the IRS hired a Chief Technology Officer with private-sector experience, which started modernization efforts moving in a new direction.

The BSM program focused on several technology development initiatives. The primary initiative was the Customer Account Data Engine (CADE). The CADE initiative was intended to replace the Individual Master File with a faster, more efficient, and more secure taxpayer data management system. The estimated cost was \$66 million with deployment in 2001. By 2009, the IRS had spent approximately \$3.7 billion on BSM when it decided to stop working on CADE after several delays and cost overruns. Shortly thereafter, the IRS started developing its successor, CADE 2. The first phase of CADE 2 was completed prior to January 2014, with the IRS planning to fully deploy the program by Fiscal Year (FY) 2028.

In April 2019, the IRS released its *Integrated Modernization Business Plan*, a 6-year strategy to enhance ongoing efforts to modernize IRS systems and taxpayer services. The IRS estimated the cost to implement this plan was between \$2.3 and \$2.7 billion. The plan involved projects intended to:

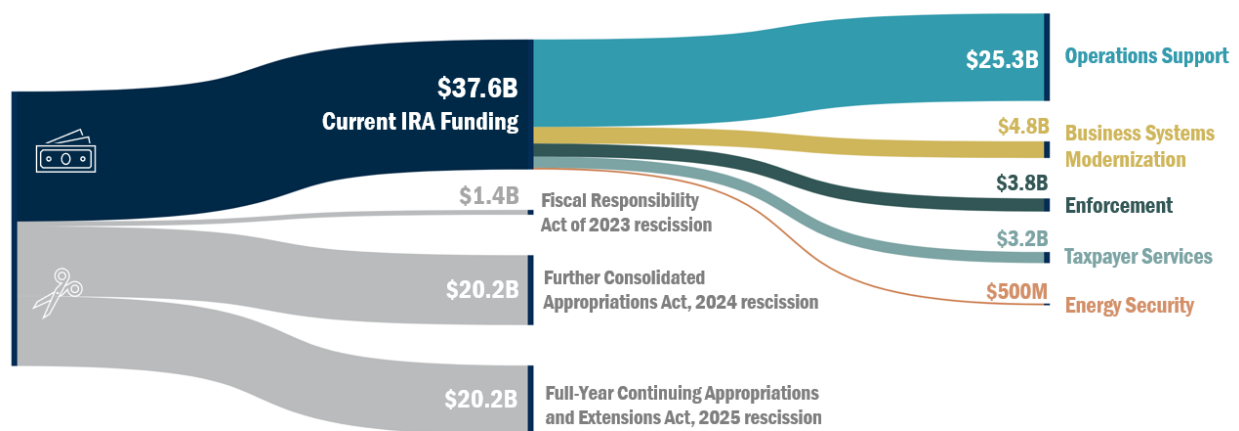
- Expand online access to taxpayer information and other IRS services.
- Reduce call wait and case resolution times.
- Accelerate the processing of tax returns and refunds.

- Simplify the verification of taxpayer identities.
- Retire millions of lines of legacy information technology code.

Inflation Reduction Act Passage and Strategic Operating Plan

In August 2022, the President signed the Inflation Reduction Act of 2022 (IRA) into law.¹ This legislation initially provided approximately \$79.4 billion in supplemental funding to the IRS to be used through September 30, 2031, to transform tax administration. By the end of March 2025, Congress had reduced the IRS's funding from the IRA to \$37.6 billion.² Figure 1 shows current IRA funding and rescissions by budget activity.

Figure 1: Current IRA Funding and Rescissions



Sources: The IRA; the Fiscal Responsibility Act of 2023; the Further Consolidated Appropriations Act, 2024; and the Full-Year Continuing Appropriations and Extensions Act, 2025.

In April 2023, the IRS issued its IRA Strategic Operating Plan (SOP) outlining how the agency planned to use the funding to transform tax administration. The SOP included 5 objectives and 42 initiatives that the IRS planned to deliver for its transformation efforts. In May 2024, the IRS issued an update to the SOP. In this update, the IRS refined the focus of the transformation from what was outlined in the original SOP. While both the original SOP and the 2024 SOP update include the same objectives, the focus on how those objectives would be obtained changed. The 2024 SOP update focuses on transformation priorities and outcomes versus the milestones and initiatives outlined in the original SOP.

In addition to improving taxpayer services and increasing enforcement efforts, IRA funds were to be used to modernize outdated information technology. While each of the objectives in the SOP may require some new or improved technology, Objective 4 specifically focused on technology.

¹ Pub. L. No. 117-169, 136 Stat. 1818.

² The Fiscal Responsibility Act of 2023 (Pub. L. No. 118-5, 137 Stat. 10) rescinded \$1.4 billion; the Further Consolidated Appropriations Act, 2024 (Pub. L. No. 118-47, 138 Stat. 460) rescinded \$20.2 billion; and the Full-Year Continuing Appropriations and Extensions Act, 2025 (Pub. L. No. 119-4, 139 Stat. 9) rescinded another \$20.2 billion.

Figure 2: Transformation Objective 4



OBJECTIVE 4:

Deliver cutting-edge technology, data, and analytics to operate more effectively.

Source: The IRA Strategic Operating Plan (April 2023).

Like the IRS's annual appropriation, the IRA provided funding in four primary budget activities—Taxpayer Services, Enforcement, Operations Support, and Business Systems Modernization. The IRS uses funds for its technology transformation efforts from the Operations Support and the Business Systems Modernization budget activities. The IRA provided:

- \$25.3 billion in the Operations Support budget activity.
- \$4.8 billion in BSM budget activity.

TIGTA has issued reports on the status of the IRS's IRA spending that provide quarterly and cumulative reporting on the IRS's use of IRA funding to transform tax administration. This report focuses on IRA spending used for IRS technology transformation efforts.

Results of Review

The IRS has a history of cost overruns and delays in its information technology modernization efforts. However, in September 2024, our Office of Audit reported on the status of FY 2023 milestones for Objective 4 in the IRA SOP. At that time, we concluded that the IRS was making progress in its modernization efforts while adhering to its strategic goals.³

From the passage of the IRA in August 2022 through March 4, 2025, the IRS has spent approximately \$5.7 billion of its IRA funding on technology transformation efforts. To complete its modernization efforts, the IRS continues to use contractor support. For instance, in our July 2025 IRA spending report, we noted that as of March 31, 2025, the IRS has spent approximately \$4.9 billion of its IRA funding for contractor support. Most of this amount (\$2.2 billion) was spent in the BSM budget activity.⁴

In March 2025, the Department of the Treasury (Treasury Department) announced a strategic pause of IRS modernization efforts. IRS officials indicated that modernization efforts have undergone a significant shift under the new Administration and that work regarding the IRA SOP has been put on hold. Under the new Administration's direction, the IRS is prioritizing modernization efforts focused on business outcomes and mission alignment.

³ TIGTA, Report No. 2024-2S8-055, [Progress of Information Technology Modernization Efforts](#) (September 2024).

⁴ TIGTA, Report No. 2025-IE-R026, [The IRS's Inflation Reduction Act Spending Through March 31, 2025](#) (July 2025).

Technology Transformation Efforts and Associated Costs Using Inflation Reduction Act Funding

In its 2024 SOP Update, the IRS noted several technology transformation efforts the agency completed using IRA funding. These transformation efforts include:

- Enhanced **Live Assistance** by adding a call back option on the main telephone line so that taxpayers were not required to stay on long holds. Also, rolling out a conversational voice technology that can route calls based on what a taxpayer says.
- Increased **Online Services**, such as:
 - **Individual Online Account** improvements that allow multiple bank accounts to be saved, payments scheduled or cancelled, and payment plans revised.
 - **New Voicebots** that help taxpayers with a wide range of issues, including security tax account transcripts, getting answers to questions about balances due, and getting assistance from the Taxpayer Advocate Service.
 - **Business Tax Accounts** that allow eligible entities to view digital notices and letters.
 - **Tax Pro Account** enhancements that include the ability to manage active client authorizations with the Centralized Authorization File database view and manage active authorizations; and view individual and business client's tax information, including business balance due and canceled and returned checks for individuals.
 - **Digital Submissions** that allow taxpayers to submit all correspondence and responses to notices and letters that do not have a filing or payment action.
- Launched **Direct File** allowing taxpayers in 12 states to file their tax returns online with the IRS for free.
- Accelerated **Digitalization** by providing almost all taxpayers with the capability to interact with IRS digitally. The IRS also enabled taxpayers to submit forms on their mobile devices, including the launch of four mobile-friendly forms at the end of Calendar Year 2023.
- Leveraged **Data and Artificial Intelligence** to help select complex partnerships for audits.
- Modernized **Underlying Technology** by deploying new technology to benefit taxpayers and making significant progress on modernizing the IRS's foundational legacy information technology systems.

From the passage of the IRA through March 4, 2025, the IRS spent approximately \$5.7 billion of its IRA funds on technology transformation efforts. To complete its modernization efforts, the IRS continues to use contractor support. As reported in our July 2025 IRA spending report, as of March 31, 2025, the IRS has \$4.9 billion of its IRA funding for contractor support. Most of this amount (\$2.2 billion) was spent in the BSM budget activity.⁵

⁵ TIGTA, Report No. 2025-IE-R026, [The IRS's Inflation Reduction Act Spending Through March 31, 2025](#) (July 2025).

Inflation Reduction Act: IRS Spending on Technology Transformation Efforts

In March 2025, we reported that financial controls over IRA BSM spending were ineffective.⁶ We analyzed contract line-item spending in IRA BSM-funded information technology contracts. We determined that the IRS inappropriately spent \$4.6 million of IRA BSM funding for the operations and maintenance of three legacy systems.

IRS management indicated they were focused on 30 projects. Table 1 details the 30 projects and the associated costs (see Appendix II for descriptions of each project).

Table 1: IRS Technology Projects Using IRA Funding

+\$300M (4 Projects)			
Individual Master File Modernization \$679.9M	Enterprise Service Management \$394.7M	Digitalization \$383.2M	Identity and Access Management \$370.8M
\$100M - \$299M (12 Projects)			
Enterprise Case Management \$289.4M	Information Returns Modernization \$187.8M	Authentication, Authorization, and Access \$182.5M	Individual Online Account \$182.2M
Customer Relationship Management \$176.9M	Business Master File Modernization \$168.4M	Enterprise Data Platform \$163M	Advanced Analytics Platform \$157.2M
Live Assistance \$152M	Network Modernization \$135M	Vulnerability and Threat Management \$132.6M	Business Tax Account \$112.7M
\$0 - \$99M (14 Projects)			
Information Technology Operations Transformation \$67.4M	Joint Enterprise Tax Calculator Service \$52.3M	Security Operations and Management \$47.4M	Online Tools/Self-Service \$44.3M
Robotics Process Automation \$34.8M	Unified Intake Tax Processing \$29.3M	Modernization Correspondence, Notices and Letters \$17M	Enterprise Case Selection/Enterprise Anomaly Detection \$15.5M
Common Services and Integration \$10.5M	Virtual Desktop Infrastructure \$9.9M	Event Drive Architecture \$5.9M	Tax Pro Online Accounts \$3.8M
	Enterprise System Testing \$0	Payments Modernization \$0	

Source: Information from the Integrated Financial System, as provided by the IRS.

This is not an all-inclusive list. Other technology efforts the IRS has spent IRA funds on include IRS University (\$85.2 million); Direct File (\$55 million); Modernized Accounting and Financial System (\$53.5 million); Taxpayer 360 (\$10.7 million); and Network Expansion (\$7.3 million).

⁶ TIGTA, Report No. 2025-208-008, [Inflation Reduction Act: Contract Performance Oversight and Compliance With Expenditure Restrictions Need Improvement](#) (March 2025).

In September 2024, we reported on the status of FY 2023 milestones for Objective 4 in the IRA SOP. At that time, we concluded that the IRS was making progress in its modernization efforts while adhering to its strategic goals.⁷ Our Office of Audit is currently performing a review on the progress of IRS information technology modernization efforts, which includes transforming core account data processing efforts funded by the IRA. This assessment will also include the progress and key results of the IRS's Calendar Year 2024 information technology modernization efforts.⁸

Future Modernization Plans

In March 2025, the Treasury Department announced a strategic pause of IRS modernization efforts. IRS officials indicated that IRS modernization has undergone a significant shift under the new Administration and the work regarding the IRA SOP has been put on hold. Under the new Administration's direction, the IRS is prioritizing modernization efforts focused on business outcomes and mission alignment. This mirrors the Treasury Department's strategic framework for FYs 2026 through 2030. This strategic framework aims, in part, to ensure the stewardship of taxpayer dollars and deliver a modern taxpayer experience that improves service, privacy, and collection.

In March 2025, the Treasury Department and IRS leadership decided to place 48 information technology executives in technical decision-making roles on temporary paid administrative leave while restructuring efforts were underway. According to the Treasury Department and IRS leadership, placing these employees on administrative leave was the best way to improve agency performance.

An April 2025 Treasury Department news release announced that the IRS had "removed non-technical staff from technical leadership roles in engineering and replaced them with experienced engineers and the IRS is in the process of transitioning all non-technical staff out of engineering." According to the news release this restructuring has allowed for better and faster decision-making. In addition, IRS officials indicated that they are in the process of refocusing engineering teams on technical outcomes and transitioning all nontechnical resources to work out of engineering groups.

In April 2025, the Treasury Department and the IRS held a kickoff meeting for the internal Technical Roadmapping Initiative. According to IRS officials, the multiday working session served as an opportunity for long-time career IRS engineers to understand current leadership direction.

Further, in an April 2025 newsletter to information technology employees, the IRS Acting Chief Information Officer outlined immediate priorities and next steps. These steps included preparing for the next filing season and accelerating progress in critical areas that require more coordination and faster progress. The Acting Chief Information Officer also highlighted the launch of the Technical Roadmapping Initiative. This initiative is organized around four key priorities:

⁷ TIGTA, Report No. 2025-2S8-055, [Progress of Information Technology Modernization Efforts](#) (September 2024).

⁸ TIGTA, Project No. 20252S8001, *Progress of Information Technology Modernization Efforts – Follow-Up*.

- (1) Unified Application Programming Interface** – Establishes an application programming interface that enables consistent, secure access to core systems and data across platforms.
- (2) Developer Experience** – Streamlines the tools, environments, and workflows for internal developers to make it easier to build, test, and deploy software with fewer barriers.
- (3) Zero Paper** – Pushes to eliminate paper-based processes across the IRS by digitizing forms, approvals, and workflows in ways that improve efficiency, access, and sustainability.
- (4) Contracts/Vendor Rationalization** – Focuses on reviewing and restructuring vendor contracts to reduce costs, eliminate redundancy, and realign external support with current priorities.

Technical leaders newly assigned to the role of Responsible Engineer are leading these priorities. The newsletter indicated the new roles may not completely align with the way the IRS has traditionally operated. The roles require cross-functional, outcome-driven efforts that will draw in people, ideas, and resources from across the IRS as needed.

After these initial four key priorities were identified during the April 2025 kickoff meeting, the IRS identified the following initiatives for ongoing modernization efforts:

- **Compliance Technology – Case Selection** – Implements a modernized, user-driven platform to streamline workflows and enhance productivity through an integrated suite of customizable platforms. This will enable rapid responses to legislative mandates and fosters collaboration between business and information technology stakeholders. Leverages artificial intelligence/machine learning solutions to transform Compliance operations.
- **Compliance Technology – Case Management** – streamlines case lifecycle/stages and ensures that service delivery across Compliance is timely, transparent, and taxpayer focused. Realizes revenue growth in Compliance, achieves operations scalability targeting minimal human intervention, and enables case workers access to emergent technologies (such as artificial intelligence) and systematized/guided workflows that help reduce case processing time.
- **Taxpayer Service** – Provides a single access point for customer service representatives to obtain the right data, at the right time, and in the right format to resolve taxpayer issues. Builds an automated and robust experience for customer service representatives. The initial focus will provide the representatives with a unified interface that automates manual tasks and enables them to view, interpret, and update data in response to individual taxpayer inquiries.
- **Taxpayer Experience** – Improves the features and messaging of existing self-service options (*e.g.*, online accounts and digital services) using consistent design and the new Unified Application Programming Integration layer to enable taxpayers to resolve issues faster and more easily manage tax-related transactions.
- **VMWare Replacement** – Modernizes the IRS's virtual infrastructure to reduce operational costs and improve scalability while optimizing performance by migrating

from the existing VMware environment to a different platform, resulting in a consolidated environment, storage, and a unified platform.

An IRS official indicated that some of these initiatives are similar to what the IRS was focusing on in the IRA SOP. Additionally, the IRS plans to continue using IRA funding to support these initiatives. We will continue to monitor the use of IRA funds for IRS modernization efforts.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective was to provide an overview of the IRS's use of IRA funding for technology transformation projects for FYs 2022 through 2024. To accomplish our objective, we:

- Obtained a report from the IRS and analyzed the expenditures made in FY 2022 through March 4, 2025, for technology transformation projects.
- Determined the expenditures related to the top technology transformation priorities.
- Determined the future direction of the IRS's information technology modernization efforts.

Performance of This Review

This review was performed with information obtained from the Office of the Chief Information Officer during the period February through June 2025. We conducted this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspector General*. Those standards require that the work adheres to the professional standards of independence, due professional care, and quality assurance and followed procedures to ensure accuracy of the information presented. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

Data Validation Methodology

The information and data in this report were testimonial evidence and were not validated.

Appendix II

Summary of IRS Technology Projects Using IRA Funding

Project	Description
Advanced Analytics Platform	Implements a new platform to power advanced analytics and allow data scientists to create predictive models and algorithms to analyze data more efficiently with leading leading-edge trustworthy artificial intelligence and other advanced analytics tools.
Authentication, Authorization, and Access	Delivers and maintains modernized identity, credentialing, and access management capabilities in alignment with enterprise efforts, industry standards, best practices, and conforming to executive/legislative directives. Modernize IRS Digital Identity Services to decouple security from applications, implement multifactor authentication, and apply foundational Zero Trust architecture capabilities.
Business Master File Modernization	Delivers a modernized business taxpayer account enabling near real-time processing with a robust database for account posting, settlement, and service-driven data access. Legacy Business Master File architecture (sequential batch processing) and code will be modernized through an event-driven architecture and near real-time processing and data access.
Business Tax Account	Provides business taxpayers with a secure, integrated and personalized online experience with self-service capabilities (<i>e.g.</i> , preferences, tax records, notices, payments, messaging, document uploads, <i>etc.</i>) to more efficiently and effectively interact with the IRS as they would with other businesses and financial institutions.
Common Services and Integration	Builds secure, reusable, and standardized services (<i>e.g.</i> , code, application programming interfaces, data access services, <i>etc.</i>) to deliver IRS mission specific and foundational technology capabilities that will modernize and replace embedded logic currently provided within legacy systems and data connections.
Customer Relationship Management	Establishes a single, modernized, enterprise case management system with access to taxpayer data and standard business processes across the IRS. Implements a customer relationship management platform to manage IRS interactions and relationships with taxpayers.
Digitalization	Provides taxpayers easy-to-use, secure digital channels for receiving and submitting information to the IRS in line with commercial expectations (<i>e.g.</i> , banks and insurers), without exposing sensitive data to third parties.

Project	Description
Enterprise Case Management	Establishes a single, modernized, enterprise case management system with access to taxpayer data and standard business processes across the IRS.
Enterprise Case Selection/Enterprise Anomaly Detection	Leverages the power of a new centralized anomaly detection platform for the IRS to better identify potential noncompliance, fraud, and unclaimed benefits earlier. Enables notifications and/or case routing to the most effective channels and workstreams.
Enterprise Data Platform	Integrates tax administration data to create a holistic view of the taxpayer and provide data access services. Provides end user self-service analytics to make effective and agile data driven-decisions. Streamlines data operations using a scalable, common services-based architecture to reduce time-to-insight. Enables development of advanced analytics models.
Enterprise Service Management	Enriches customer and workforce experience through increased self-service and the improved timeliness and availability of relevant information. Provides the workforce with knowledge and tools that enable preventative actions and increases responsiveness to incidents. Enhances information technology planning, operations and decision-making through intelligent automation, orchestration, and improved quality and relationships among different types of data. Accelerates information delivery through automation of workflows and discovery for repeatable tasks.
Enterprise Systems Testing	Ensures that all required security standards are met and data are secure.
Event Drive Architecture	Implements a software design pattern supported by technical infrastructure and components that focus on broadcasting events to all interested applications, systems, or services. Focuses on integrating event drive architecture into the IRS ecosystem to decouple components and allow for the processing of events asynchronously.
Identity and Access Management	Modernizes processes, technologies, and policies to manage digital identities and access controls for internal and external users, resulting in continued protection of taxpayer data.

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Project	Description
Individual Master File Modernization	Transforms the individual taxpayer account processing. Will update accounts, assess taxes, generate refunds, and provide data access. Enables more digital services for one-stop access and up-to-the-minute account information. Improves access to individual taxpayer data and analytical capabilities. Provides more agility delivering tax law changes and legislative mandates. Completes the delivery of CADE 2 to replace the Individual Master File and follow-on activities to replace remaining components of the Individual Master File that deliver data throughout the IRS infrastructure.
Individual Online Account	Provides individual taxpayers with a secure, integrated, and personalized online experience and self-service capabilities (e.g., preferences, tax records, notices, payments, messaging, document uploads, etc.). Allows taxpayers to more efficiently and effectively interact with the IRS as they would with other businesses and financial institutions.
Information Returns Modernization	Modernizes and maintains the end-to-end Information Return processing pipeline that makes up the legacy intake and processing systems, so those systems can be retired.
Information Technology Operations Transformation	Introduces new services that align with customer expectations and business value using a service-oriented model. Establishes robust and dependable systems that consistently deliver services; achieve comprehensive visibility into performance from the customers' standpoint; and proactively identify potential issues that adversely affect user experience.
Joint Enterprise Tax Calculator Service	Provides modernized, flexible, and scalable tax calculators for legacy and modernized processing systems. Provides accurate and consistent results to internal and external customers. Increased calculator reusability by using a service-oriented architecture. Consolidates over 100 distinct and duplicative calculators embedded in more than a hundred applications and processes.
Live Assistance	Provides and maintains both customer-facing and infrastructure capabilities that leverage modernized call center technologies to improve the taxpayer experience. Provides access to simplified, streamlined, and secure identity proofing and authentication when interacting with the IRS through multiple service channels.
Modernization Correspondence, Notices, and Letters	Establishes a common service for digitally generating and distributing notices and letters to taxpayers. Transmits correspondence using all file formats to downstream systems for printing, digital delivery, or integration with automated multilingual support.

Project	Description
Network Modernization	Grows and maintains the end user experience. Enables auto remediation and expansion of bandwidth at IRS post of duties. Automates recovery actions for the most common issues and actions based on severity. Tracks effectiveness of remediations over time and enables incident automation in ServiceNow. The long-term delivery strategy is to deploy next generation network architecture that supports secure cloud communications.
Online Tools/Self-Service.	Modernizes the existing Integrated Customer Communication Environment applications like "Where's My Refund." Builds new online tools and self-service features integrated through an online account.
Payments Modernization	Establishes a modern payments platform to include all government-approved payment options and a unified account experience for all taxpayers, entities, and third parties to make payments.
Robotics Process Automation	Establishes a cloud-based robotics process automation platform to implement automations of high-volume manual processes at scale. Maintains capabilities deployed to automate business processes. Implements additional Robotics Process Automation use cases through the cloud-based platform, which will increase operational efficiency by automating manual processes and freeing up staff for more value-added activities. Digitizes and reduces operational and enterprise risks. Maintains capabilities deployed to automate business processes.
Security Operations and Management	Provides advanced monitoring, fraud analytics, and incident response capabilities to reduce risk and ensure the high availability of IRS systems, applications, and protected information.
Tax Pro Online Accounts	Provides individual taxpayers with a secure, integrated, and personalized online experience and self-service capabilities (e.g., preferences, tax records, notices, payments, messaging, document uploads, etc.). Allows taxpayers to more efficiently and effectively interact with the IRS as they would with other businesses and financial institutions. Tax professionals will be able to view transcripts, conduct select "Offer in Compromise" transactions, and view audit status and amended returns. Allows tax professionals to perform most required interactions with the IRS through their Tax Professional Online Account.

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Project	Description
Unified Intake Tax Processing	Transforms the legacy returns pipeline system that validates and perfects tax returns, remittances, information returns, and adjustments. Enables a common perfection and validation pipeline for tax returns and information returns to support near real-time tax processing.
Virtual Desktop Infrastructure	Introduces new information technology delivery options for IRS employees and contractors, while addressing emerging challenges in the legacy virtual workstation environment
Vulnerability and Threat Management	Identifies and provides transparency into risks and potential threats. Initiates remediation actions for proactive prevention of security incidents.

Appendix III

Abbreviations

BSM	Business Systems Modernization
CADE	Customer Account Data Engine
FY	Fiscal Year
IRA	Inflation Reduction Act
IRS	Internal Revenue Service
SOP	Strategic Operating Plan
TIGTA	Treasury Inspector General for Tax Administration



**To report fraud, waste, or abuse,
contact our hotline on the web at
<https://www.tigta.gov/reportcrime-misconduct>.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

Information you provide is confidential, and you may remain anonymous.