

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Final Results of the 2025 Filing Season

September 29, 2025

Report Number: 2025-400-048

HIGHLIGHTS: Final Results of the 2025 Filing Season

Final Audit Report issued on September 29, 2025

Report Number 2025-400-048

Why TIGTA Did This Audit

This audit provides selected information related to the processing of individual income tax returns during the IRS's 2025 Filing Season.

Our review summarizes activity within the Submission Processing function (which generally processes tax returns) and the Accounts Management function (which generally handles taxpayer contacts and adjusts tax accounts). We also provide updates on the status of Field Assistance (which provides in-person assistance) and the IRS's fraud detection and prevention efforts.

Impact on Tax Administration

The annual tax return filing season is a critical time for the IRS because this is when most individuals file their income tax returns and contact the IRS if they have questions about specific tax laws or filing procedures.

The 2025 Filing Season officially began when the IRS started accepting tax returns on January 27, 2025. As of the week ending May 3, 2025, the IRS received 144.8 million individual tax returns. In addition, the IRS assisted millions of taxpayers through its various customer service initiatives and continues to detect and prevent the issuance of refunds on tax returns identified as fraudulently filed or filed by identity thieves.

What TIGTA Found

The 2025 Filing Season was successful with several key improvements. For example, the IRS processed more tax returns when compared to the 2024 Filing Season and exceeded its 85 percent level of service goal for the filing season on its telephone lines.

Key Program Metric	2024 Filing Season	2025 Filing Season
Returns Received	142.8M	144.8M
Returns Processed	139.9M	142.2M
Refunds Issued	92.9M	92.0M
Average Refund Amount	\$2,864	\$2,947
Toll-Free Average Speed of Answer	4.1 minutes	3.9 minutes
Taxpayers Assisted In-Person at a Taxpayer Assistance Center	914K	996K

Several initiatives reduced the IRS workforce since January 2025. However, these initiatives had no significant impact on the 2025 Filing Season because critical filing season positions were exempted from the initiatives through May 15, 2025, and June 30, 2025.

However, we expect workforce reductions to impact key processing programs and customer service going forward. We are concerned about how this will impact the 2026 Filing Season. Key IRS functions responsible for managing the filing season have lost 17 to 19 percent of their workforce. The IRS initiated a Zero Paper Initiative effort to expand scanning and digital processing of paper-filed tax returns. It was expected to mitigate the impact of some of the staffing losses on the 2026 Filing Season. However, the initiative is already delayed.

In addition, IRS management projects that they would need to hire approximately 3,500 new employees to achieve an 85 percent toll-free telephone level of service during the 2026 Filing Season. IRS management also projects that its Accounts Management adjustments ending inventory for Fiscal Year 2026 could grow to approximately six million, exceeding pandemic levels by nearly two million. Accounts Management adjustments inventory includes adjustments associated with correspondence, injured spouse, *etc.*

Finally, staffing losses in the IRS's Information Technology function and recently enacted legislation create additional challenges for the IRS as it prepares for the 2026 Filing Season. The One Big Beautiful Bill Act will require the IRS to make substantial changes ahead of the 2026 Filing Season, but the agency will have fewer Information Technology resources to timely update processing systems.

What TIGTA Recommended

We made no recommendations in this report. IRS management was provided with a copy of this report for review.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20024

September 29, 2025

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Diana M. Tengesdal
Acting Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Final Results of the 2025 Filing Season
(Audit No.: 2025400013)

This report presents the results of our review to evaluate the processing of individual income tax returns for the 2025 Filing Season. This review is part of our Fiscal Year 2025 Annual Audit Plan and addresses the major management and performance challenges of *Tax Law Changes* and *Taxpayer Service*.

If you have any questions, please contact me or Deann Baiza, Acting Assistant Inspector General for Audit (Returns Processing and Account Services).

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Background

The annual tax return filing season is a critical time for the Internal Revenue Service (IRS) because it is when most individuals file their income tax returns and contact the IRS if they have questions about specific tax laws or filing procedures.¹ The 2025 Filing Season officially began when the IRS started accepting tax returns on January 27, 2025.

We evaluated whether the IRS timely and accurately processed individual paper and electronically filed (e-filed) tax returns during the 2025 Filing Season. This report summarizes activity within the Submission Processing function (which generally processes tax returns) and the Accounts Management function (which generally handles taxpayer contacts and adjusts tax accounts). We also provide updates on the status of Field Assistance (which provides in-person assistance) and the IRS's fraud detection and prevention efforts. Results are presented as of approximately May 3, 2025, depending on when the information was available.

We have ongoing work to follow up on key provisions of the Inflation Reduction Act of 2022, and the IRS's efforts to transform tax administration including the expansion of the Direct File program and efforts to modernize payment systems.² We are also continuing to assess the IRS's efforts to scan paper tax returns and expand hours and staffing at Taxpayer Assistance Centers (TAC). We will report the results of this work later in the calendar year.

Results of Review

The 2025 Filing Season Was Successful With Several Key Improvements

Initiatives to reduce the federal government's workforce since January 2025 have impacted the IRS. However, these efforts had no significant impact on the 2025 Filing Season because the Secretary of the Treasury exempted critical filing season positions until after the conclusion of the filing season. These workforce reduction efforts included two Deferred Resignation Programs, termination and subsequent reinstatement of probationary employees, Voluntary Separation Incentive Payments, and Voluntary Early Retirement Authority. For example, employees who were approved for the Deferred Resignation Program stayed through May 15, 2025. Whereas, some other workforce reduction initiatives, *e.g.*, Treasury Deferred Resignation Program, exempted critical filing season positions through June 30, 2025.

The IRS processed more tax returns when compared to the same period of time in Processing Year (PY) 2024. As of April 19, 2025, the IRS exceeded its 85 percent level of service goal for the filing season on its telephone lines. The level of service decreased after the filing season; however, the decreased level of service was consistent with the level of service during the same period last year. The IRS also slightly improved its average speed of answer and served more taxpayers in-person at its TACs.

¹ See Appendix II for glossary of terms.

² Pub. L. 117-169, 136 Stat. 1818.

Figure 1 provides an overview of key 2025 Filing Season statistics as of May 3, 2025.

Figure 1: The IRS Experienced Improvements in Several Key Filing Season Metrics When Compared to the 2024 Filing Season

Key Program Metric	2024 Filing Season	2025 Filing Season
Returns Received	142.8M	144.8M
Returns Processed	139.9M	142.2M
Refunds Issued	92.9M	92.0M
Average Refund Amount	\$2,864	\$2,947
Toll-Free Level of Service	83%	83%
Toll-Free Average Speed of Answer	4.1 minutes	3.9 minutes
Taxpayers Assisted In-Person at a TAC ³	914K	996K
Online Account Users	44.1M	56.3M

Source: IRS management information reports and other statistics as of weeks ending May 4, 2024, and May 3, 2025, respectively. Figures are rounded. K = Thousands. M = Millions.

In addition, the IRS reduced inventory backlogs in key tax return processing programs when compared to the same week in Calendar Year (CY) 2024. IRS management stated that to reduce inventories they are focusing resources on specific inventories to keep them at acceptable levels and moving resources as needed. Figure 2 provides the inventory levels in key tax return processing programs, along with the percentage of the inventory that is overaged and the program's timeliness goal. For example, as of May 2025, 52 percent of the 788,000 amended tax returns in Accounts Management's inventory have not been processed within 45 days of receipt.

³ This includes normal and weekend in-person hours. The total taxpayers assisted for the 2024 Filing Season total does not add up to the total taxpayers reported in Figure 7 due to rounding.

Figure 2: Overaged Inventory Decreased in Key Tax Return Processing Inventories Compared to Calendar Year 2024

Inventory	Goal	CY 2024		CY 2025	
		Count	% Overaged	Count	% Overaged
Amended Returns (SP)	< 30 days	647K	84.0%	349K	70.2%
Amended Returns (AM)	< 45 days	788K	52.3%	788K	52.1%
Error Resolution	< 5 days	355K	23.5%	280K	21.3%
Unpostables	< 15 weeks	828K	19.0%	663K	8.2%
Rejects	< 60 days	767K	9.9%	557K	7.6%
Paper Tax Returns	< 14 days	1.8M	N/A	1.8M	N/A ⁴

Source: IRS provided weekly inventory levels as of the weeks ending May 4, 2024, and May 3, 2025, respectively. K = Thousands, M = Millions, AM = Accounts Management and SP = Submission Processing. Inventory definitions are available in the glossary.

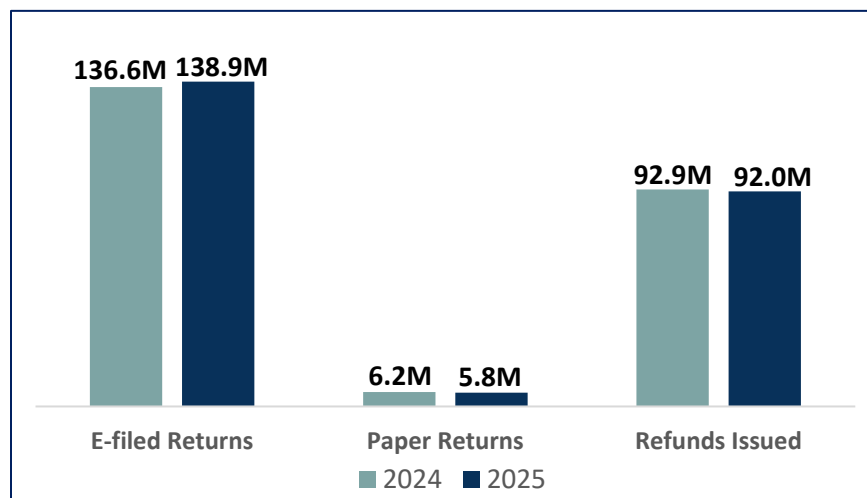
Additional details regarding tax return processing, customer service, and the detection and prevention of fraud are provided below.



Processing Tax Returns

As of the week ending May 3, 2025, the IRS received 144.8 million individual tax returns. Taxpayers filed nearly 96 percent of these tax returns electronically. Figure 3 compares the number of individual income tax returns received and refunds issued during the 2024 and 2025 Filing Seasons.

Figure 3: Individual Tax Return Receipts Increased While Refunds Decreased



Source: IRS management report as of May 3, 2025. Figures may not add up due to rounding. M = Millions.

⁴ According to the IRS, it does not track the percentage of paper tax returns that do not meet the < 14 days goal.

New and modified e-file business rules are generally working as intended

The IRS uses e-file business rules to identify errors on e-filed tax returns and generally rejects the return back to the taxpayer for correction at the time the tax returns are filed. Therefore, any errors in the programming could result in tax returns incorrectly rejecting and burdening taxpayers. We evaluated 36 new or modified business rules to determine whether they were functioning as intended.

As of April 17, 2025, our review of the 36 business rules determined that:

- 23 (64 percent) business rules were accurately rejecting tax returns.
- 9 (25 percent) business rules had no tax returns rejected because no returns were filed with all the characteristics of these rules. Therefore, we were unable to determine whether these business rules will accurately reject tax returns.
- 4 (11 percent) business rules were disabled by the IRS due to errors identified in the programming for these rules. Disabling these rules prevented tax returns from being rejected erroneously. These four business rules are scheduled to receive programming fixes in January 2026.

In addition, we determined that all 315 business rules that the IRS documented as being deleted or disabled between January and March 2025 were accurately deleted or disabled for Tax Year 2024, *i.e.*, no tax returns were rejected for these business rules. There are several reasons why these rules were disabled or deleted including that the rules were no longer needed to ensure accuracy of tax returns or were replaced by another rule.

Expiration of credits and programming improvements led to fewer errors requiring the automated correction tool

FixERS is an automated Error Resolution correction tool that the IRS implemented during the 2022 Filing Season. It systemically replaces the steps an IRS Error Resolution employee would take to resolve errors identified on tax returns. The IRS has expanded the FixERS tool each filing season and used it to resolve 29 error codes for the 2025 Filing Season.

As of May 30, 2025, the IRS reported that more than 1.1 million tax returns were identified for potential systemic resolution using the FixERS tool. This is a decrease from the same time period last year where the IRS reported more than 2.3 million tax returns identified for the FixERS tool. According to IRS management, the number of tax returns decreased for the 2025 Filing Season because Recovery Rebate Credit and Refundable Child and Dependent Care Credit claims were removed from the FixERS tool for PY 2025. IRS management stated there was no benefit to maintain the FixERS programming for these credits because they expired in December 2021. In addition, fewer tax returns with Excess Gross Social Security were identified for Error Resolution due to programming improvements.

Additionally, as of May 30, 2025, the IRS systemically resolved nearly 700,000 (64 percent) tax return errors using the FixERS tool. More than 400,000 (36 percent) tax return errors were identified by FixERS for manual processing. This is an increase from the 22 percent of tax return errors sent for manual processing during the same period last year. It should be noted that some tax returns identified by FixERS still require manual review due to specific criteria on the tax return.



Providing Customer Service

The IRS offers a variety of service options to assist taxpayers including online tools via its IRS.gov website, mobile tools, and social media platforms. The IRS also assists taxpayers via the telephone and face-to-face at its TACs, Volunteer Income Tax Assistance sites, and Tax Counseling for the Elderly sites.






Millions of taxpayers continue to take advantage of IRS online self-assistance options

The IRS provides self-assistance options that enable taxpayers to access the information they need 24 hours a day, 7 days a week. The most frequently used self-assistance option is IRS.gov. As of May 3, 2025, the IRS reported 343.8 million visits to IRS.gov for the 2025 Filing Season.

The IRS also provided the processing status of tax forms on IRS.gov. For example, as of May 9, 2025, IRS.gov showed the IRS was processing original individual tax returns received during March 2025 and amended individual tax returns received during February 2025. IRS.gov also reported that individual e-filed tax returns are generally processed within 21 calendar days.

Additionally, the IRS's website provides several online/mobile tools to assist taxpayers. Figure 4 provides examples of the IRS's online or mobile tools and the number of times each was used or the total number of users.

Figure 4: Usage of Online or Mobile Tools

Tool		PY 2024 Uses	PY 2025 Uses
	Where's My Refund? Allows taxpayers to check the status of their refund using the most up-to-date information available to the IRS.	316.4M	336.6M
	Where's My Amended Return? Allows taxpayers to check the status of their amended tax return using the most up-to-date information available to the IRS.	4.4M	3.3M
	Interactive Tax Assistant Allows taxpayers to obtain responses to tax law questions by taking them through a series of questions.	1.6M	1.5M
		Users	Users
	Online Accounts Allows individuals, businesses, and tax professionals to view specific details about their federal tax account such as amount owed, payment history, and audit status.	44.1M	56.3M
		Active Users	Active Users
	IRS2Go Allows taxpayers to check the status of their tax refund, make a payment, find free tax preparation, etc., through a mobile application.	7.6M	7.3M

Source: IRS management information reports and statistics as of the weeks ending May 4, 2024, and May 3, 2025, respectively. M = Millions.

IRS social media views increased from last year

The IRS also uses social media platforms to share information through short and informative online videos. Figure 5 shows a comparison of the IRS's reported social media followers and views for CYs 2024 and 2025.⁵

Figure 5: Social Media Views Increased

Calendar Year	Followers	Views
2024	1.2M	32.1M
2025	1.2M	34.8M

Source: IRS provided statistics as of May 4, 2024, and May 5, 2025, respectively. M = Millions.

⁵ Individuals may use more than one social media platform. Therefore, it would not be appropriate to consider the total number of followers as unique individuals.

Slightly fewer telephone calls were answered but the average speed of answer improved

The IRS provides individual taxpayers with telephone assistance Monday through Friday from 7:00 am to 7:00 pm local time. According to the IRS, during the filing season, wait times can average as little as three minutes. However, during periods of high call volume, *i.e.*, when wait times exceed 15 minutes, the IRS may offer taxpayers with a callback option instead of waiting on hold.

As of April 19, 2025, the IRS exceeded its 85 percent level of service goal for the filing season on its telephone lines. The level of service decreased after the filing season; however, the decreased level of service was consistent with the level of service during the same period last year. Figure 6 shows a comparison of telephone performance statistics for CY 2024, as of May 4, 2024, and CY 2025, as of May 3, 2025. The Level of Access, which we developed, is less than the IRS's reported Level of Service. The Level of Access uses the total number of dialed calls seeking assistance that ultimately receive assistance from the IRS. In contrast, the IRS's Level of Service only captures calls routed to an assistor that ultimately receive assistance from the IRS.⁶

**Figure 6: The Level of Service Remained the Same
While the Level of Access Decreased**

Calendar Year	Assistor Calls Answered	IRS Calculated Level of Service	Average Speed of Answer	TIGTA-Developed Level of Access
2024	9.8M	83%	4.1 minutes	47%
2025	9.6M	83%	3.9 minutes	39%

Source: IRS management information reports as of May 4, 2024, and May 3, 2025, respectively.
M = Millions.







Fewer taxpayers were assisted by TAC employees; however, more taxpayers were served in-person

The IRS served 1.6 million taxpayers via TACs as of the week ending May 3, 2025, a decrease of nearly 11 percent from the same time in Fiscal Year (FY) 2024. However, in-person assistance increased 9 percent in FY 2025 to 996,000 taxpayers from 914,000 in FY 2024. TACs are local offices nationwide staffed by IRS employees who are trained to provide a variety of services, including answering tax account questions, taking cash payments, and authenticating the identity of individuals who have been identified as potential victims of tax-related identity theft.

⁶ The Level of Service only measures calls answered by Taxpayer Services and does not include calls answered by other functions.

Figure 7 shows the various ways TAC employees assist taxpayers and highlights that in FY 2025 more taxpayers were assisted in person.⁷

Figure 7: Various Ways TAC Employees Assist Taxpayers

	Method	FY 2024	FY 2025
	<i>Telephone</i> The IRS generally requires all taxpayers wishing to use a TAC service to call its appointment telephone line. The IRS attempts to resolve a taxpayer's question to prevent the need for an in-person visit.	907K	600K
 Mon. – Fri.	<i>In-Person (Normal Hours)</i> The IRS offers in-person appointments at TACs nationwide for taxpayers whose issue cannot be resolved via the telephone. The operating status of the TACs can vary day-to-day due to illness, staff leaving, or staff taking other positions within the IRS. For example, as of April 21, 2025, 342 of the 363 TACs the IRS operated were open, while 150 of the 342 TACs the IRS operated were staffed with one or two employees.	898K	987K
 Saturday	<i>In-Person (Weekend Hours)</i> The IRS offered services at 89 TACs on 4 Saturdays by appointment only. During the 2024 Filing Season, no appointment was required. During the 2025 Filing Season, the IRS scheduled by appointment. However, walk-ins were not refused.	15,494	8,847
	<i>Web Service Delivery</i> The IRS implemented this initiative to provide taxpayers the opportunity to receive face-to-face assistance from an IRS representative over the internet. The virtual conference is scheduled by appointment only, like other face-to-face service options.	5,680	2,618
 Social Security	<i>Co-Located Sites with the Social Security Administration</i> The IRS implemented this initiative so that taxpayers can receive service at a location where the IRS is co-located with a Social Security Administration office.	950	824
	<i>Virtual Service Delivery</i> The IRS implemented this initiative to expand face-to-face assistance to taxpayers if no TAC is in their geographic area. It integrates video and audio technology to allow taxpayers to see and hear an IRS assistor located at a remote TAC, giving taxpayers "virtual face-to-face interactions" with assistors.	276	500
Total Taxpayers Served		1.8M	1.6M

Source: IRS management information reports and other statistics as of weeks ending May 4, 2024, and May 3, 2025, respectively. K = Thousands and M = Millions.

The number of Volunteer Program sites increased since last year

The Volunteer Program plays a significant role in the IRS's efforts to improve taxpayer service and facilitate participation in the tax system. The two main components in the Volunteer Program are the Volunteer Income Tax Assistance and the Tax Counseling for the Elderly programs. These programs provide no-cost tax return preparation and e-filing to low-to-moderate income and elderly taxpayers. Figure 8 shows the number of tax returns prepared by volunteers and the number of sites for FYs 2024 and 2025.

Figure 8: Volunteer Program Sites Increased

Fiscal Year	Tax Returns	Sites
2024	2.7M	9,057
2025	2.8M	9,130

Source: IRS management reports as of the weeks ending May 5, 2024, and May 4, 2025, respectively. M = Millions.



Detecting and Preventing Tax Refund Fraud

The IRS continues to detect and prevent the issuance of refunds on tax returns identified as fraudulently filed or filed by identity thieves. The IRS also attempts to proactively prevent identity theft by issuing Identity Protection Personal Identification Numbers (IP PIN), as discussed later in this report.

Nearly 99 percent of fraudulent tax returns identified were stopped before the refund was paid

Each calendar year, the IRS identifies numerous tax returns with known fraudulent schemes. As of April 26, 2025, the IRS had stopped nearly \$2 billion in fraudulent refunds (nearly 99 percent of all fraudulent returns it identified).

Depending upon when the scheme was identified, the IRS may be able to stop the tax return and associated refund from being paid. If a scheme was identified after the refund was paid, the IRS still identifies the tax return, and other functions may select these tax returns for post-refund compliance.

As of February 22, 2025, the IRS had identified and stopped more fraudulent tax returns than the similar week in CY 2024. IRS management cited several reasons for the increase in the number of fraudulent tax returns identified such as schemes publicized on social media. However, as shown in Figure 9, fewer tax returns were identified and stopped as of April 26, 2025.

⁷ The In-Person (Normal Hours) category in Figure 7 includes the number of taxpayers who scheduled appointments for in-person assistance. A taxpayer could have scheduled an appointment but not shown up. Additionally, this includes taxpayers served as walk-ins without an appointment.

Figure 9: Fewer Fraudulent Tax Returns Were Identified and Stopped

Calendar Year	Returns Identified	Amount Identified	Returns Stopped	Amount Stopped
2024	371K	\$4.2B	366K	\$4.1B
2025	134K	\$2.0B	132K	\$2.0B

Source: IRS fraudulent tax return statistics as of April 27, 2024, and April 26, 2025, respectively. B = Billions and K = Thousands.

IRS management explained that the overall drop was primarily attributable to a timing difference when tax returns filed in a prior year were added to the database that tracks fraudulent tax returns. Specifically, prior year tax returns typically updated to the database during CY 2023 were not updated until CY 2024 due to Information Technology (IT) resource constraints. Whereas, the IRS was able to update prior year tax returns in CY 2024, resulting in fewer carryover tax returns in CY 2025. Despite the timing difference, management explained that they still anticipate that the tax returns identified and stopped will be lower in CY 2025 than it was in CY 2024 due to increased thresholds and lowered false detection rates.

Fewer tax returns involving identity theft were detected

The IRS uses identity theft filters to detect tax returns with characteristics of confirmed identity theft. Tax returns identified by these filters are held during processing until the IRS can verify the taxpayer's identity. Taxpayers can use their IRS online account, a dedicated toll-free telephone number, or visit a TAC to verify their identity. The IRS strives to process the taxpayer's tax return and issue the refund within nine weeks of the taxpayer successfully verifying their identity.

If the individual's identity cannot be confirmed, the IRS removes the tax return from processing to prevent the issuance of a fraudulent refund. For the 2025 Filing Season, the IRS used 295 filters to detect potential identity theft tax returns and prevent the issuance of fraudulent refunds. In comparison, the IRS used 282 filters for the 2024 Filing Season.

Figure 10 shows the number of identity theft tax returns the IRS identified and subsequently confirmed as fraudulent in PYs 2024 and 2025.

Figure 10: Confirmed Identity Theft Tax Returns Decreased

Processing Year	Tax Returns Identified	Amount Identified	Tax Returns Confirmed	Amount Protected
2024	3.6M	\$32.0B	105K	\$1.7B
2025	2.4M	\$23.0B	82K	\$0.8B

Source: IRS provided fraudulent tax return statistics as of May 2, 2024, and May 1, 2025, respectively. B = Billions, K = Thousands, and M = Millions.

According to IRS management, the number of fraudulent returns identified and confirmed in PY 2024 was higher for multiple reasons, such as:

- One identity theft filter incorrectly identified more tax returns than expected during PY 2024 before the IRS had sufficient wage information. Management stated that they

updated the filter for the 2025 Filing Season and it is now identifying the appropriate tax returns.

- One identity theft filter selected more returns due to the IRS's Cybersecurity Fraud Analytics and Monitoring unit adding a large list of Taxpayer Identification Numbers to the IRS's dynamic selection list. Nearly all these Taxpayer Identification Numbers were removed before the start of PY 2025.
- Two other identity theft filters that focused on egregious schemes during PYs 2022 through 2024, had a significant reduction in selections during PY 2025.

The issuance of IP PINs continues to help prevent identity theft

The IRS uses the IP PIN, a six-digit number assigned to eligible taxpayers, to help prevent an identity thief from filing a fraudulent federal income tax return using a legitimate taxpayer's Social Security Number (SSN).⁸ The IP PIN is known only to the taxpayer and the IRS. It acts as an authentication number to validate the owner of the SSN listed on the tax return. This helps the IRS verify the taxpayer's identity when they file their tax return.

The IRS automatically issues an IP PIN to confirmed identity theft victims if the case is resolved prior to the start of the next filing season. These taxpayers will continue to receive a new IP PIN from the IRS before each filing season thereafter. In addition, taxpayers can voluntarily request an IP PIN through their Individual Online Account. Figure 11 shows the number of IP PINs issued to taxpayers for use in filing tax returns for PYs 2024 and 2025.

Figure 11: The Number of IP PINs Issued Increased

Method of Issuance	PY 2024	PY 2025
Taxpayer Requested (Online)	0.8M	1.2M
IRS Issued (Paper)	4.6M	5.8M
TOTAL	5.4M	7.0M

Source: IRS provided IP PIN statistics as of May 4, 2024, and May 3, 2025, respectively. M = Millions.

The number of prisoner tax returns stopped decreased from last year

To combat refund fraud associated with tax returns filed using prisoner SSNs, the IRS compiles a list of prisoners, referred to as the Prisoner File.⁹ The IRS uses this list to identify tax returns filed using a prisoner's SSN for additional screening. Figure 12 shows the number of tax returns identified with a prisoner SSN and stopped as fraudulent in CYs 2024 and 2025.

⁸ Anyone who has an SSN or an Individual Taxpayer Identification Number and can verify their identity is eligible to enroll in the IP PIN program.

⁹ The Prisoner File contains information received from the Federal Bureau of Prisons and State Departments of Corrections as well as Prisoner Update Processing System data from the Social Security Administration.

Figure 12: Fewer Prisoner Tax Returns Were Identified and Stopped

Calendar Year	Returns Identified	Returns Stopped	Amount Protected
2024	37,693	11,269	\$32.6M
2025	36,703	5,296	\$20.8M

Source: IRS fraudulent tax return prisoner strategy statistics as of April 27, 2024, and April 26, 2025, respectively. M = Millions.

IRS management stated that the decrease in the number of prisoner tax returns stopped, and the amount protected for CY 2025, was partly due to fewer tax returns claiming the pandemic-related Economic Impact Payment/Recovery Rebate Credit, commonly referred to as stimulus checks.

Workforce Reductions, Legislation, and Delays in Modernization Efforts Could Affect Key Processing Programs and Customer Service Putting the 2026 Filing Season at Risk

As stated previously, individuals in key filing season positions were exempted from the federal government workforce reduction efforts until May 2025 or June 2025, depending on the initiative. Although the 2025 Filing Season was not impacted, the IRS is beginning to see the effects of the workforce reduction on post filing season activities, and we are concerned how this will impact the 2026 Filing Season.

Figure 13 shows the numbers and percentages of staff lost in key filing season programs as of May 31, 2025. These programs are responsible for processing amended tax returns, resolving tax return errors, answering taxpayer telephone calls, providing in-person tax assistance, and stopping tax-related fraud.

Figure 13: Staffing Losses in Key IRS Programs and Potential Impact on the 2026 Filing Season

Key Program Area	Staff Lost	Potential Impact to 2026 Filing Season
Submission Processing	19% reduction 1,930 employees	While the Submission Processing function has not seen a significant impact on inventories, management anticipates that impacts will be seen as the October 15, 2025, due date approaches for tax returns with a filing extension. Inventories not worked during the current processing year will be carried into the 2026 Filing Season and may affect the IRS's ability to timely process tax returns during the 2026 Filing Season. This could result in delays in taxpayers receiving refunds which can result in the IRS paying interest.
Return Integrity Compliance Services	18% reduction 355 employees	With an 18 percent staffing loss, there is the potential for an estimated 23,760 fewer tax returns and nearly \$360 million in fraudulent refunds that may not be stopped.
Accounts Management	17% reduction 4,147 employees	Management projects that the adjustments ending inventory for FY 2026 could grow to approximately six million, exceeding pandemic levels by nearly two million. For context, this inventory was approximately three million for FY 2025. Accounts Management adjustments inventory includes adjustments associated with correspondence, injured spouse, etc.
Field Assistance	17% reduction 292 employees	With a 17 percent staffing loss, there is the possibility for an estimated 169,000 fewer taxpayers to receive assistance.

Source: Data provided by the IRS's Human Capital Office for the week ending May 31, 2025. This does not include normal attrition.

Submission Processing may experience an increase in overaged inventories

This function generally processes tax returns and works key tax return processing inventories such as error resolution. Overage inventory levels in these programs may increase despite the progress made during the 2025 Filing Season. While the Submission Processing function has not seen significant impacts on inventories, management does anticipate that impacts will be seen until October 15, 2025, approaches which is the due date for tax returns with a filing extension. Inventories not worked during the current processing year will be carried into the 2026 Filing Season and may affect the IRS's ability to timely process tax returns during the 2026 Filing Season. This could result in delays in taxpayers receiving refunds which can result in the IRS paying interest.

Return Integrity Compliance Services may have fewer employees to identify and stop fraudulent refunds

This function generally detects and prevents fraudulent refunds, including refundable tax credits, before the refund is issued to the taxpayer. With fewer available employees, we expect that fewer fraudulent refunds will be stopped prior to being paid. For example, as of April 26, 2025,

the IRS stopped nearly \$2 billion in fraudulent refunds on more than 132,000 returns. However, with an 18 percent staffing loss, there is the potential for an estimated 23,760 fewer tax returns and nearly \$360 million in fraudulent refunds that may not be stopped.

Accounts Management may have a reduced level of service and fewer cases closed

This function generally handles taxpayer contacts through the telephone and mail. It is also responsible for processing adjustments to tax accounts and some amended tax returns. Accounts Management uses the same employees to answer the telephones and process its adjustments inventory. Therefore, prioritizing answering telephones directly results in fewer employees processing the adjustments inventory. IRS management states that it continues to refine its projections based upon updated staffing information, budget projections, *etc.* As of late July 2025, IRS management projects that based upon current workforce losses and projected losses throughout the rest of the fiscal year, they need to hire approximately 3,500 new employees to achieve an 85 percent telephone level of service. Management stated they began hiring in August 2025. Management also projects that their adjustments ending inventory for FY 2026 could grow to approximately six million, exceeding pandemic levels by nearly two million. For context, this inventory was approximately three million for FY 2025.

Field Assistance may have fewer employees providing in-person assistance

This function generally assists taxpayers at TACs across the nation. Without hiring, we expect a decline in the number of taxpayers that the IRS can assist at the TACs during the 2026 Filing Season. For example, as of May 3, 2025, nearly 996,000 taxpayers were assisted in-person at TACs. However, with a 17 percent staffing loss, there is the possibility for an estimated 169,000 fewer taxpayers to receive assistance.

Workforce reductions also put IRS's efforts to implement recently enacted legislation and modernize paper processes for the 2026 Filing Season at risk

Staffing losses in the IRS's IT function along with recently enacted legislation create additional challenges for the IRS as it prepares for the 2026 Filing Season. In addition, delays in the IRS's effort to expand scanning and digital processing of paper-filed tax returns, *i.e.*, Zero Paper Initiative, could put readiness for the 2026 Filing Season at risk.

The IRS's IT function plays a critical role in ensuring that tax processing systems are updated before the start of the filing season. Required updates may include annual inflationary adjustments and expiring or new tax provisions. We reported that the IRS had lost 2,163 IT employees as of May 2025, or 25 percent of its workforce.¹⁰ Without these resources, the IRS may be unable to update its tax return processing systems for the 2026 Filing Season.

In July 2025, the One Big Beautiful Bill Act was signed into law.¹¹ This legislation will require the IRS to make substantial changes ahead of the 2026 Filing Season. For example, tax forms, schedules, and publications as well as the electronic tax return filing schemas will need to be revised to reflect new and revised tax benefits. The IRS will also need to program new business rules to identify tax return errors and modify existing rules. As of July 2025, filing season

¹⁰ TIGTA, Report No. 2025-IE-R027, [Snapshot Report: IRS Workforce Reductions as of May 2025](#), p. 5 (July 2025).

¹¹ Pub. L. No. 119-21.

readiness reports prepared by IRS management reflect implementation of these legislative changes as a risk for the 2026 Filing Season.

In April 2025, the IRS began its Zero Paper Initiative. This initiative was created to convert incoming paper submissions into streamlined digital processes. The initiative for the 2026 Filing Season focuses on using contractors to digitize all paper-filed Forms 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*, Forms 941, *Employer's QUARTERLY Federal Tax Return*, and Forms 1040, *U.S. Individual Income Tax Return*, so they can be processed electronically. According to IRS management, these tax forms represent 78 percent of paper-filed forms.

This initiative was expected to mitigate the impact of some of the staffing losses on the IRS's Submission Processing function. However, the initiative is already delayed. For example, management stated that they shipped over 800,000 returns to the contractor to be scanned in May 2025, but 600,000 returns were subsequently sent back to the IRS to be manually processed because the vendor was not able to process these returns timely. We are conducting a separate review of the IRS's efforts to modernize the processing of paper-filed tax returns, *i.e.*, the Zero Paper Initiative.

The IRS will need to hire additional staff for the 2026 Filing Season to process paper-filed tax returns if it is unable to scan and electronically process all paper-filed Forms 940, 941, and 1040, as it expects. However, most IRS functions remain under an indefinite hiring freeze and the opportunity to hire and train the people it would need for the 2026 Filing Season is quickly closing. For example, IRS management stated that they would need to begin onboarding employees in October 2025 to have them trained before the start of the 2026 Filing Season. Despite the hiring freeze, the IRS's Taxpayer Services Division requested and received an exception to the hiring freeze allowing them to hire employees to assist with the 2026 Filing Season. The IRS announced internal positions in June 2025 and conducted external hiring events in September 2025.

We will continue to monitor the impact of IRS workforce reductions and the status of the Zero Paper Initiative as the IRS prepares for the 2026 Filing Season.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to evaluate the processing of individual income tax returns during the 2025 Filing Season. To accomplish our objective, we:

- Identified the volume of paper and e-filed tax returns received as of the week ending May 3, 2025, from the IRS's Weekly Filing Season reports and compared the statistics to the same period for the 2024 Filing Season.
- Determined whether IRS reports indicated that individual tax returns were being processed timely and accurately.
- Obtained information related to the Accounts Management, Submission Processing, and Field Assistance functions' workforce reductions and potential effects on the upcoming filing season.
- Ensured that select new and revised business rules were working as intended as of April 17, 2025.
- Identified results of the IRS's customer service programs, including self-assistance options, social media platforms, the TACs, the Toll-Free Telephone Assistance Program, and the Volunteer Program.
- Identified results of the IRS's tax refund fraud programs, including identity theft and prisoner refund fraud.

Performance of This Review

This review was performed with information obtained from the Taxpayer Services Division located in Atlanta, Georgia, and the Submission Processing function located in Kansas City, Missouri, and Austin, Texas, during the period April 2025 through June 2025. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Data Validation Methodology

During this review, we obtained data extracts from the Modernized Tax Return Database for PY 2025 for the purposes of completing business rule testing. Before relying on the data, we ensured that each file contained the specific data elements we requested. In addition, we selected judgmental samples of each extract and verified that the data in the extracts were the same as the data captured in the Employee User Portal or the Integrated Data Retrieval System.¹² We also performed analysis on the extracts to ensure the validity and reasonableness

¹² A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

of our data, such as ranges of dollar values and obvious invalid values. We determined that the data were sufficiently reliable for purposes of this report.

We also obtained numerous reports from the IRS regarding the status of workforce reductions on various IRS functions, the number of tax returns received and refunds issued, the status of key tax return processing inventories, the number of tax returns sent through the IRS's FixERS tool, the number of taxpayers assisted by various customer service methods, and the IRS's efforts to detect and prevent the issuance of refunds on tax returns identified as fraudulently filed or filed by identity thieves. These reports were primarily obtained for the purpose of comparing the status during the 2025 Filing Season to the 2024 Filing Season. We assessed the accuracy and completeness of the reports to the extent possible. This included looking for invalid values, ensuring that formulas and totals were accurate and asking IRS management about any significant changes from year to year. We determined that the data were sufficiently reliable for the purposes of this report.

Internal Controls Methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: the process for planning, organizing, directing, and controlling program operations for the 2025 Filing Season. We evaluated these controls by monitoring IRS weekly production meetings, reviewing IRS procedures, and reviewing IRS reports.

Appendix II

Glossary of Terms

Term	Definition
Amended Tax Return	A tax return that is submitted by a taxpayer after their original tax return has been submitted to the IRS. Individual amended tax returns are processed by both the Submission Processing and Accounts Management functions, depending upon certain criteria on the tax return.
Business Rule	Used to validate information included on e-filed tax returns for acceptance into tax return processing. The IRS will reject e-filed tax returns from processing when the tax return does not meet the criteria of the rule.
Calendar Year	Twelve (12) consecutive months ending December 31.
Deferred Resignation Program	In January 2025, the Office of Personnel Management allowed employees to voluntarily resign while being paid through September 2025. The Secretary of the Department of the Treasury exempted critical filing season positions from the Deferred Resignation Program through May 15, 2025.
Employee User Portal	The internal IRS portal that allows employees to access IRS data systems, such as tax administration processing systems and financial information systems, in a secure, authenticated session.
Error Resolution	An online computer application used by tax examiners to correct errors identified on individual or business tax returns during processing.
Filing Season	The period from January 1 through mid-April when most individual income tax returns are filed.
Fiscal Year	Any yearly accounting period, regardless of its relationship to a calendar year. The federal government's fiscal year begins on October 1 and ends on September 30.
FixERS	A batch process that automates resolving error codes on tax returns that fallout to Error Resolution during processing.
Identity Protection Personal Identification Number	A six-digit number assigned to taxpayers who have been victims of identity theft and fraudulent tax refunds. It helps the IRS verify the taxpayer's identity when filing tax returns.
Individual Master File	The IRS database that maintains transactions or records of individual tax accounts.
Individual Return Transaction File	A database maintained by the IRS that contains information on the individual tax returns it receives.
Integrated Data Retrieval System	An IRS computer system capable of retrieving or updating stored information. It works in conjunction with a taxpayer's account records.
Level of Access	The total number of calls seeking assistance that ultimately receive assistance from the IRS. This is computed by taking the sum of Assistor Calls Answered and Automated Calls Answered divided by Total Dialed Number Attempts during open hours.

Term	Definition
Level of Service	The primary measure of service to taxpayers. It represents the relative success rate of taxpayers who call the IRS Accounts Management function's telephone lines seeking assistance from an assistor. Further, it is a budget measure used to determine the resources for the toll-free telephone lines. The IRS's measure is titled Customer Service Representative Level of Service.
Modernized Tax Return Database	The official repository of all electronic returns processed through the Modernized e-file system.
Paper Tax Returns	Tax returns that are submitted to the IRS by mail and must be manually worked through the IRS processing pipeline.
Processing Year	The calendar year in which the IRS processes the tax return or document.
Rejects	Tax returns that cannot be processed, usually due to missing or incomplete information. Tax examiners correspond with the taxpayer to clarify an entry on a tax return. When the taxpayer responds, the tax examiner will resolve the issue, and the tax return will continue processing.
Schema	An Extensible Markup Language document that specifies the data elements, structure, and rules for each form, schedule, document, and attachment.
Tax Year	A 12-month accounting period for keeping records on income and expenses used as the basis for calculating the annual taxes due. For most individual taxpayers, the tax year is synonymous with the calendar year.
Taxpayer Assistance Center	Local offices nationwide staffed by IRS employees who are trained to provide a variety of services including answering tax account questions, taking cash payments, and authenticating the identity of individuals who have been identified as potential victims of tax-related identity theft.
Taxpayer Identification Number	A nine-digit number assigned to taxpayers for identification purposes. Depending upon the nature of the taxpayer, it can be an Employer Identification Number, an SSN, an Adoption Taxpayer Identification Number, or an Individual Taxpayer Identification Number.
Treasury Deferred Resignation Program	In April 2025, the IRS extended the Department of the Treasury's offer to its employees. This mirrored the benefits of the original deferred resignation program. Critical filing season positions were exempted through June 30, 2025.
Unpostables	Transactions that will not post to the taxpayer's account because they failed validity checks. The unpostable condition must be resolved to complete processing of the transaction.
Voluntary Early Retirement Authority	In April 2025, the IRS partnered with the Department of the Treasury to temporarily lower the age and service requirements for retirement eligibility. Eligible employees were allowed to take this offer along with the deferred resignation programs. Critical filing season positions remained exempted through the applicable deferred resignation program dates of May 15, 2025, and June 30, 2025.

Term	Definition
Voluntary Separation Incentive Payments	In April 2025, the IRS partnered with the Department of the Treasury to offer incentive payments for employee to voluntarily separate from their positions. Critical filing season positions were exempted through June 30, 2025. Employees receiving these payments were not eligible for the deferred resignation programs.
Volunteer Program	Includes both the Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs. The Volunteer Program provides free tax assistance to persons with low-to-moderate income and senior citizens.

Appendix III

Abbreviations

CY	Calendar Year
e-file(d); e-filing	Electronically File(d); Electronic Filing
FY	Fiscal Year
IP PIN	Identity Protection Personal Identification Number
IRS	Internal Revenue Service
IT	Information Technology
PY	Processing Year
SSN	Social Security Number
TAC	Taxpayer Assistance Center
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.