



Treasury Inspector General For Tax Administration

SEMIANNUAL REPORT TO CONGRESS

April 1, 2025 — September 30, 2025

U.S. TREASURY



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TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

VISION

Maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration.

MISSION

Provide quality professional audit, investigative, and inspection and evaluation services that promote integrity, economy, and efficiency in the administration of the nation's tax system.

CORE VALUES

Integrity—Maintain the highest professional standards of integrity, personal responsibility, independence, objectivity, and operational excellence in pursuit of the Treasury Inspector General for Tax Administration's (TIGTA) mission.

Organizational Innovation—Model innovative practices in organizational structure, operational programs and processes, audit, investigative, and inspection and evaluation methodologies, and the application of advanced information technology.

Communication—Achieve effective organizational approaches and solutions by encouraging open, honest, and respectful communication among TIGTA's executives, employees, offices, and functions, as well as between TIGTA and its external stakeholders.

Value Employees—Respect the dignity, contributions, and work-life balance of our employees, and recognize diversity as fundamental to the strength of our organization.

Commitment to Collaboration—Establish and maintain collaborative and professional relationships with other government and non-government stakeholders.

Message from the Acting Inspector General to Congress



TIGTA provides independent oversight of the Internal Revenue Service (IRS). Although TIGTA is placed organizationally within the Department of the Treasury, which has its own Office of Inspector General, we operate independently with a specific mandate to oversee all aspects of activity related to the IRS's administration of the federal tax system.

I am pleased to submit this Semiannual Report to Congress, which summarizes our work and accomplishments for the period April 1 – September 30, 2025.

Notably, our work during this period helped identify seven major management challenges we believe confront the IRS in Fiscal Year (FY) 2026. Some of the challenges may be amplified by changes the IRS has experienced during the reporting period, such as a 25 percent decrease in the size of its workforce

and reductions in supplemental funding.

During this period, our Office of Audit issued 37 reports; our Office of Investigations completed 900 investigations; and our Office of Inspections and Evaluations, which provides focused and expedited oversight of emerging issues impacting tax administration and IRS operations, issued 15 reports. Collectively, TIGTA's audits, inspections, evaluations, and investigations resulted in the recovery, protection, or identification of monetary benefits totaling nearly \$759 million.

Highlights of our work during the period include:

- Audits that identified gaps in IRS controls over issuing Employee Identification Numbers, which are targeted and used by unscrupulous individuals to claim fraudulent employer tax credits.
- Investigations that resulted in guilty pleas or convictions of IRS employees abusing the tax system and individuals threatening IRS personnel or property.
- Inspections that identified several issues at Taxpayer Assistance Centers (TACs), such as inoperable self-assistance kiosks and safety and security weaknesses.

TIGTA Highlights

Office of Investigations	\$204,145,359
Office of Audit	\$498,596,088
Office of Investigations and Evaluations	\$55,889,446
Total Financial Accomplishments	\$758,630,893

 **\$759 Million**
in Monetary Benefits

 **37**
Audit Reports

 **15**
Inspections and
Evaluations

 **900**
Investigations

 **167**
Proposed regulations and
legislative requests reviewed

I am proud of the work we have done and everyone who undertook it. I look forward to the challenges that lie ahead, knowing that I have full confidence in our commitment and ability to fight waste, fraud, and abuse in the nation's tax system.

Sincerely,

A handwritten signature in cursive script that reads "Heather Hill". The signature is written in a dark ink on a light-colored background.

Heather M. Hill
Acting Inspector General



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Overview of TIGTA

TIGTA provides audit, investigative, inspection, and evaluation services that promote economy, efficiency, and integrity in the administration of the Internal Revenue laws. TIGTA provides independent oversight of the IRS, the IRS Oversight Board, and the IRS Office of Chief Counsel. Although TIGTA is placed organizationally within the Treasury Department and reports to the Secretary of the Treasury and to Congress, it functions independently from all other offices and bureaus within the Treasury Department.

TIGTA oversees all aspects of activity related to the federal tax system as administered by the IRS. TIGTA protects the public's confidence in the tax system by identifying and recommending strategies for addressing the IRS's management challenges and implementing the priorities of the Treasury Department.

TIGTA's organizational structure (see page 30) is comprised of the Office of the Inspector General and seven functional offices: the Office of Audit; the Office of Inspections and Evaluations; the Office of Investigations; the Office of Mission Support; the Office of Information Technology; the Office of Chief Counsel; and the Office of Data Analytics.

Statutory Mandate



Investigate IRS employee misconduct and external attempts to corrupt or threaten IRS employees.



Conduct supervise, and coordinate audits and investigations related to IRS programs and operations.



Review and make recommendations on existing and proposed legislation and regulations related to IRS programs and operations.



Promote economy and efficiency in the administration of tax laws.



Prevent and detect waste, fraud, and abuse in IRS programs and operations.



Inform the Secretary of the Treasury and Congress of problems and deficiencies identified and of the progress made in resolving them.

Promote the Economy, Efficiency, and Effectiveness of Tax Administration

TIGTA's Office of Audit strives to promote the economy, efficiency, and effectiveness of tax administration. We provide recommendations to improve IRS systems and operations and to ensure the fair and equitable treatment of taxpayers. Our comprehensive and independent performance audits of the IRS's programs and operations primarily address statutorily mandated reviews and high-risk challenges the IRS faces.

The IRS's implementation of audit recommendations results in:

- Cost savings;
- Increased or protected revenue;
- Protection of taxpayers' rights and entitlements; and
- More efficient use of resources.

Each year, TIGTA identifies and addresses the IRS's major management and performance challenges. The Office of Audit places audit emphasis on statutory coverage required by IRS Restructuring and Reform Act of 1998 (RRA 98) and other laws, as well as areas of concern from Congress, the Secretary of the Treasury, the IRS Commissioner, and other interested parties.

The following summaries highlight significant audits completed during this six-month reporting period. Please refer to the [TIGTA.gov](https://www.tigta.gov) website to view reports in their entirety.

High-Income Individual Examinations Increased in Fiscal Year 2024, But Key Terms and Methodologies for Compliance With the 2022 Treasury Directive Remained Unresolved

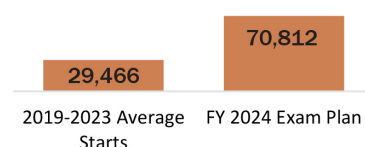
Report Number 2025-308-030

We reviewed the IRS's FY 2024 examination plan to ensure that the Inflation Reduction Act (IRA) funding was used as intended to increase enforcement on high-income taxpayers with complex tax filings and high-dollar noncompliance. The shift to audit more high-income individuals aligned with a 2022 Treasury Directive ordering the IRS not to use any additional resources to increase audits on small businesses or households earning below \$400,000 per year.

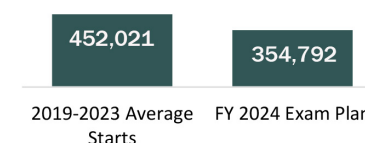
For FY 2024, the number of examination starts on returns showing over \$400,000 in total positive income more than doubled the average number of annual starts in FYs 2019 through 2023 combined. Conversely, the number of starts on returns showing less than \$400,000 dropped by almost 100,000 in FY 2024—or 21.4 percent—

Figure 1: Number of Returns Over and Under \$400,000 Total Positive Income

Over \$400,000 Total Positive Income



Under \$400,000 Total Positive Income



from the average in FYs 2019 through 2023. The combination of more high-income examination starts with substantially fewer lower-income audits increases the likelihood that the IRS will achieve the goals set out in the 2022 Treasury Directive.

However, the IRS has not defined key terminology or aspects of its methodology for compliance with the 2022 Treasury Directive. Additionally, recent hiring freezes and staff cuts may affect the IRS's ability to meet long term goals of the directive, which remains in effect.



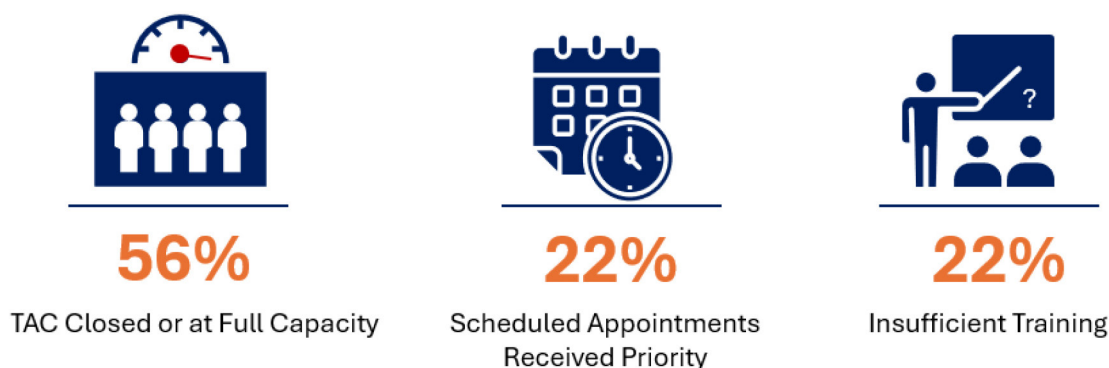
We made no recommendations.

Actions Need to Be Taken to Improve Services Provided at Taxpayer Assistance Centers

Report Number 2025-108-017

TACs provide face-to-face assistance at more than 360 locations to taxpayers who cannot resolve issues through other methods, or who choose to obtain information and assistance in person. We made 28 unannounced site visits to TACs that offered expanded service hours; we did not receive assistance at 9 sites due to various reasons, such as TACs being closed or centers reaching capacity.

Figure 2: Reasons TIGTA Auditors Did Not Receive Assistance at a TAC



Source: TIGTA auditors' observations during unannounced TAC site visits during the 2024 Filing Season.

We were unaware of the closures because [IRS.gov](https://www.irs.gov) was not updated to reflect them. We were also turned away at some TACs during extended weekday hours because we did not schedule an appointment and were not provided with an opportunity to wait for an available assistor, even though IRS policy notes that this should happen when staffing permits. At the 19 sites we obtained assistance, 8 of our auditors received inaccurate or incomplete answers to their tax law questions.



We made six recommendations.

Compliance With the Standard for the Fair and Equitable Treatment of Taxpayers Could Be Improved

Report Number 2025-300-032

The IRS is required by RRA 98 to “use the fair and equitable treatment of taxpayers by employees as one of the standards for evaluating employee performance.” Known as the retention standard, this requirement applies to all employees. However, in our assessment, the IRS incorrectly believed that the retention standard was not applicable to some employees depending on their duties. Current IRS internal guidance incorrectly allows managers to rate employees as “Not Applicable,” even though this rating is not specifically authorized by relevant regulations.

We identified nearly 10,900 employees who were rated as “Not Applicable” in an apparent violation of the retention standard. We also identified 65 IRS employees who received a “Not Met” rating for the retention standard; at least 62 were not separated from service even though they received the “Not Met” retention standard rating and an overall rating of “Unacceptable.”



We made three recommendations.

Fiscal Year 2025 Statutory Review of Compliance with Notice of Federal Tax Lien Filing Collection Due Process Procedures

Report Number 2025-300-034

The IRS files Form 668(Y)(C), *Notice of Federal Tax Lien* (NFTL), to protect the federal government’s interest in a delinquent taxpayer’s property. On the first filing of an NFTL for a tax period, the IRS has five business days to notify taxpayers in writing of their right to a Collection Due Process hearing before the Independent Office of Appeals.

We found that the IRS generally complied with this requirement. However, we found instances of the IRS not complying with its notification procedures that require the agency to provide copies of Collection Due Process notices to the taxpayers’ authorized representatives.

We recommended that the Director, Collection Policy, Small Business/Self-Employed Division, should remind employees to ensure that the NFTL request includes current information about the taxpayer’s authorized and designated representative(s).



We made one recommendation.

Further Improvements Are Needed to Strengthen the Controls for Issuing Employer Identification Numbers

Report Number 2025-400-036

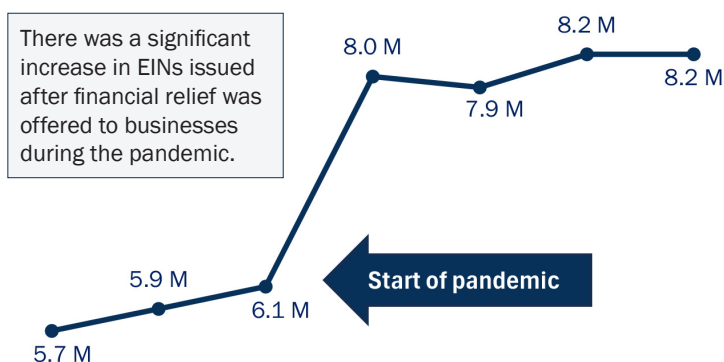
An Employer Identification Number (EIN) is a nine-digit number assigned by the IRS to identify a business. EINs are targeted and used by unscrupulous individuals to commit fraud. IRS data shows a significant increase in EIN issuances from FYs 2020 to 2021 coinciding with the financial relief offered to businesses during the pandemic. For example, in April 2024, our Office of Investigations announced that it helped prevent \$3.5 billion from potentially being paid to fraudsters. Our special agents identified a scheme where individuals obtained an EIN for the sole purpose of filing business tax returns to improperly claim pandemic-related tax credits.

We previously reported that actions were needed to reduce the risk of fraudulent use of EINs and improve the effectiveness of the online system the IRS uses to process most of them. However, in this review, we determined that the IRS needs to take additional actions to address recommendations from our prior report. For example, programming has not been implemented to prevent sole proprietors from receiving multiple EINs and manual processing errors are allowing businesses and deceased taxpayers to be listed as a responsible party.



We made 12 recommendations.

Figure 3: EINs Issued From Fiscal Years 2018 Through 2024



Source: Taxpayer Services Division provided statistics as of December 2023 and January 2025.

Telephone Level of Service and Average Wait Times Do Not Fully Reflect the Taxpayer Experience

Report Number 2025-100-040

The IRS tracks and widely reports two customer service performance measures related to its telephone lines: Level of Service and average wait times.

According to the IRS, the Level of Service measures the taxpayer's ability to reach a telephone assistor when requested. For the 2024 Filing Season, the IRS reported a Level of Service of 88 percent and wait times averaging 3 minutes. However, the reported Level of Service and average wait times only included calls made to 33 Accounts Management telephone lines during the filing season. These lines handled approximately two-thirds of all calls.

The IRS separately tracks, but does not widely report, an Enterprise Level of Service, which is a broader measure of the taxpayer experience because it also includes 27 telephone lines from other IRS business units,

which handled approximately one-third of all calls answered by IRS telephone assistants.

The IRS does not widely report an Enterprise-wide wait time as the reported average wait time computation includes only the 33 telephone lines. According to IRS data, the average wait times for the other telephone lines were much longer than 3 minutes, averaging 17 to 19 minutes during the 2024 Filing Season.



We made two recommendations and the IRS disagreed with both.

The IRS Transferred Incorrect Federal Tax Information to the Department of Education for Federal Student Aid

Report Number 2025-2S0-029

A December 2019 law allowed the IRS to disclose certain federal tax information to the Department of Education. The law streamlined the Free Application for Federal Student Aid (FAFSA) application process by enabling students to request the IRS disclose their tax information to the Department of Education. However, in April 2024, the Department of Education publicly announced that the IRS was transferring incorrect data.

We found that the IRS transferred inaccurate federal tax information due to an incorrect business requirement implemented during development of a programming interface that communicates with the Department of Education. The IRS subsequently reprocessed approximately 7.1 million previously received FAFSA form requests and provided the updated federal tax information to the Department of Education. However, we also determined that the IRS does not have a data dictionary for certain data sources; without one, the agency cannot ensure that programming errors are avoided.

The inaccurate data exchange with the Department of Education represented a fraction of taxpayers and was limited to tax information related to education. A recent [executive order](#) aims to remove barriers and promote interagency data sharing. We believe it is important that lessons learned from existing data sharing agreements inform similar future arrangements to help prevent the transfer of inaccurate taxpayer data. We plan to continue performing reviews in these areas since they could have potentially profound consequences.

We determined that 7.1 million FAFSA Form requests were potentially affected by the incorrect Federal Tax Information.



We made no recommendations.

Final Results of the 2025 Filing Season

Report Number 2025-400-048

The 2025 tax filing season was successful with several key improvements. For example, the IRS processed more tax returns compared to last filing season and exceeded its 85 percent Level of Service goal on its telephone lines. Several initiatives reduced the IRS workforce since January 2025 but had no significant impact on the filing season because critical filing season positions were exempted.

However, 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 began a Zero Paper Initiative to expand scanning and digital processing of paper-filed tax returns, which was expected to mitigate the impact of some of the staffing losses on the upcoming filing season. However, the initiative is already delayed.

Figure 4: The IRS Experienced Improvements in Key Filing Season Metrics When Compared to the 2024 Filing Season

Key Program Metric	2024 Filing Season	2025 Filing Season
Toll-Free Average Speed of Answer	4.1 minutes	3.9 minutes
Taxpayers Assisted In-Person at a Taxpayer Assistance Center	914K	996K

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, IRS management projects that it would need to hire approximately 3,500 new employees to achieve an 85 percent toll-free telephone level of service next filing season. IRS management also projects that certain inventory (tax accounts that need adjustments) for FY 2026 could grow to approximately 6 million, exceeding pandemic levels by nearly 2 million.

Finally, staffing losses in the IRS’s Information Technology function and recently enacted legislation create additional challenges for the IRS. 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.

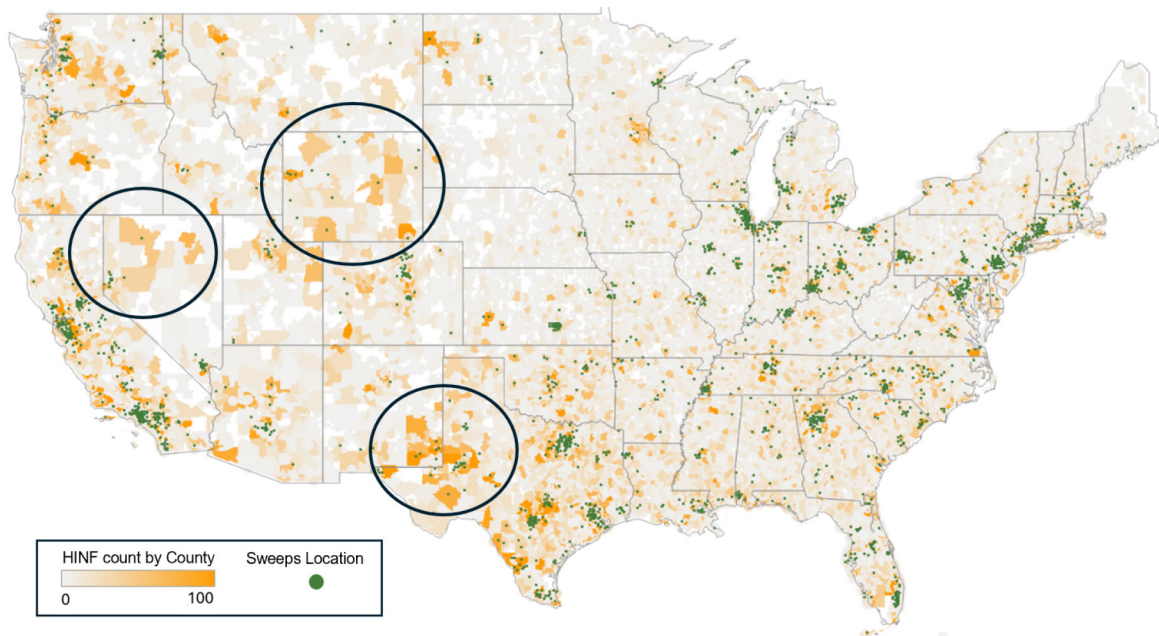
 We made no recommendations.

Revenue Officer Compliance Sweeps of High-Income Nonfilers Were Impactful, but Tracking Data and Training Could Be Improved

Report Number 2025-300-021

Revenue Officer Compliance Sweeps are a strategy the IRS uses either to address an increase in unassigned high-priority inventory in understaffed locations or support a compliance initiative (e.g., egregious employment tax cases, high-income nonfilers, or specialty programs). The IRS expanded the use of sweeps between FYs 2019 and 2022.

High-income nonfiler sweeps from FYs 2021 through 2022 were more impactful for case closures and dollars collected than similar non-sweeps cases. As a percentage of cases worked, revenue officers secured more returns under sweeps than non-sweeps and referred significantly more returns to Examination. Sweeps were conducted throughout the United States and internationally. However, there are several geographic areas in the continental United States that have a high number of high-income nonfilers where limited or no sweeps were conducted. For example, there are opportunities for more sweeps in places like eastern New Mexico, western Texas, northwestern Nevada, and Wyoming.

Figure 5: Locations Where Limited or No Sweeps were Conducted of High-Income Nonfilers

Source: Analysis of IRS Individual Master File Case Creation Nonfiler Identification Process data as of August 23, 2023, and IRS sweeps data as of January 12, 2023

Our review also found that sweeps tracking data could be improved. Missing, incomplete, and/or inaccurate data were found in data fields such as the taxpayer's name, address, revenue officer identifier, and case assignment date. We worked with the IRS to make corrections so that the data reviewed for this audit was accurate and complete.



We made four recommendations.

Assessment of Fiscal Year 2024 Compliance with Improper Payment Reporting Requirements

Report Number 2025-400-025

We found that the IRS still has not satisfied the Payment Integrity Information Act's (PIIA) goal of reducing improper payment rates to less than 10 percent. Additionally, the IRS is not reporting improper payment rates for pandemic-related programs because the agency believes it would be an inefficient use of resources given the short-term nature of pandemic programs. As in prior years, the IRS calculated improper payment rates for four high-risk programs, with improper payments totaling \$21.4 billion.

The IRS would need to reduce erroneous payments by \$11.7 billion to meet PIIA requirements.

Figure 6: Improper Payment Rates for High-Risk Programs (Fiscal Year 2024)



Source: FYs 2022 through 2024 Treasury Department Agency Financial Reports.

The Department of the Treasury Agency Financial Report attributes the causes of refundable tax credit errors to a range of factors, such as the complexity of eligibility rules, the inability to verify taxpayer-provided information prior to issuing refunds, the lack of correctable error authority, and a requirement to issue refunds within 45 days.



We made three recommendations.

Although Enterprise Case Management Modernization Has Begun, No Legacy Systems Have Been Decommissioned

Report Number: 2025-208-050

In 2015, the IRS started the Enterprise Case Management (ECM) program to consolidate more than 60 different case management systems that vary widely in complexity, size, and customization. Some systems were to be incorporated into the ECM, and then be decommissioned. According to the IRS, the ECM platform would allow authorized employees to see a taxpayer's full account, filing history, related case data, and prior communications to resolve cases more quickly.

In 2020, we reported that the IRS did not have a clear and comprehensive strategy for decommissioning legacy case management systems. In response, the IRS created a decommissioning strategy.

In this new report, we found that the IRS still has not fully incorporated or decommissioned any legacy systems. Despite the decommissioning strategy, ECM program leadership did not prioritize decommissioning legacy systems, focusing instead on providing modernized features for users. In addition, multiple changes in scope and IRS IT leadership slowed the ECM platform's progress. As a result, the IRS has not fully incorporated any case management systems into the ECM platform.



We made two recommendations.

Assess Emerging Issues Impacting America's Tax System

TIGTA's Office of Inspections and Evaluations provides focused and expedited oversight to quickly assess emerging issues impacting tax administration and IRS operations.

Inspections are intended to:

- Provide factual and analytical information;
- Monitor compliance;
- Measure performance;
- Assess the effectiveness and efficiency of programs and operations;
- Share best practices; and
- Inquire into allegations of waste, fraud, abuse, and mismanagement.

Evaluations are intended to:

- Provide in-depth reviews of specific management issues, policies, or programs;
- Address government-wide or multi-agency issues; and
- Develop recommendations to streamline operations, enhance data quality, and minimize inefficient and ineffective procedures.

The following summaries highlight significant evaluations completed during this six-month reporting period.

Lack of Contract Oversight Led to Inoperable Kiosks at Taxpayer Assistance Centers

Report Number 2025-IE-R024

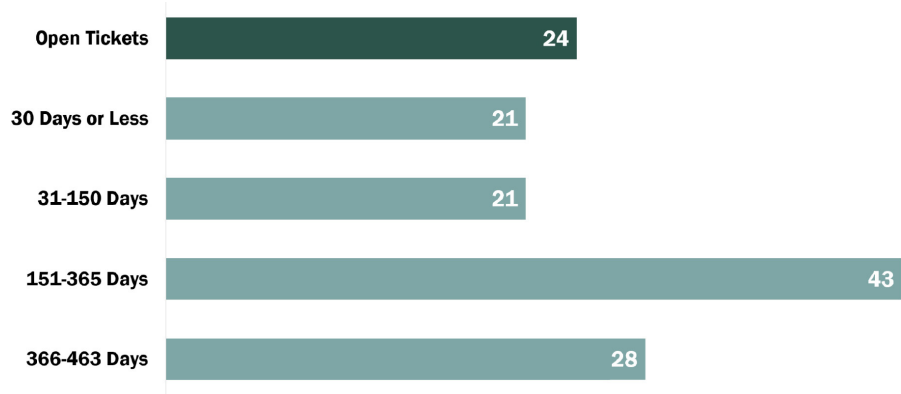
In August 2024, the IRS had 100 kiosks—computer terminals taxpayers can use to help themselves to IRS services—located at 37 TACs throughout the country. We found at the time that 55 were operational, 40 were inoperable, and the status of 5 were unknown. IRS employees stated that a contractor, receiving \$500,000 annually to maintain the machines, was slow to respond to service requests. The IRS said it planned to work with the contractor to make all kiosks operational by the end of December 2024.

In January 2025, we went back and visited eight TACs with inoperable kiosks and found the machines still did not work. We also learned the IRS had terminated its maintenance contract and was discontinuing the kiosk program—steps taken after we had expressed concerns about inoperable machines.

While we support the IRS's decision to discontinue the current kiosk program, we believe that offering taxpayers a self-service option could be beneficial as the IRS reduces and restructures its workforce. The

number of taxpayers using kiosks has drastically decreased in recent years. In 2017, for example, more than 80,000 taxpayers used kiosks; from January through July 2024, only 4,600 used them. However, outdated and inoperable kiosks may explain the decline. We therefore recommended that the IRS perform a study to determine whether a new kiosk program using updated technology, or deploying laptops to TACs, would provide effective and efficient self-service options to taxpayers.

Figure 7: Kiosk Service Tickets Submitted From February 2023 Through August 2024



Source: TIGTA’s analysis of kiosk service tickets from February 2023 through August 2024.

Inflation Reduction Act: IRS Spending on Technology Transformation Efforts

Report Number 2025-IE-R029

The IRS’s reliance on legacy systems, aged hardware, and outdated programming languages poses significant risks to the agency’s ability to fulfill its mission. Successfully modernizing its systems and developing and implementing new IT applications are critical to IRS transformation and how the agency does business. However, the IRS has a history of cost overruns and delays in modernizing IT dating back to the 1970s. We initiated this evaluation to provide an overview of the IRS’s use of \$37.6 billion in IRA funding for technology transformation projects for FYs 2022 through 2024.

With this funding, the IRS planned to deliver cutting-edge technology and analytics to operate more effectively. We found that, as of March 2025, IRS had spent approximately \$5.7 billion of its IRA funding on technology transformation efforts. However, in March 2025, the Department of the Treasury announced a strategic pause of IRS modernization efforts. IRS officials indicated that modernization efforts had undergone a significant shift under the new administration and work regarding the IRA Strategic Operating Plan has been put on hold. Under the new direction, the IRS is prioritizing modernization efforts focused on business outcomes and mission alignment.

Thousands of Notifications to Taxpayers Affected by the Large-Scale Data Breach Were Returned Undeliverable

Report Number 2025-IE-R019

In 2023, TIGTA's Office of Investigations determined that an IRS contractor accessed and stole tax returns and return information of approximately 406,000 taxpayers, including some of the nation's wealthiest. The contractor was subsequently sentenced to five years in prison, and the IRS sent notification letters to affected individuals and businesses, advising them of the breach, the risk of identity theft, and actions available to them.

As part of a subsequent evaluation to assess the IRS's processes and procedures to notify taxpayers affected by a large-scale data breach, we learned thousands of taxpayers from the 2023 breach did not receive the initial notification letter due to incomplete addresses. The IRS ultimately determined that approximately 12,200 notification letters were undeliverable.

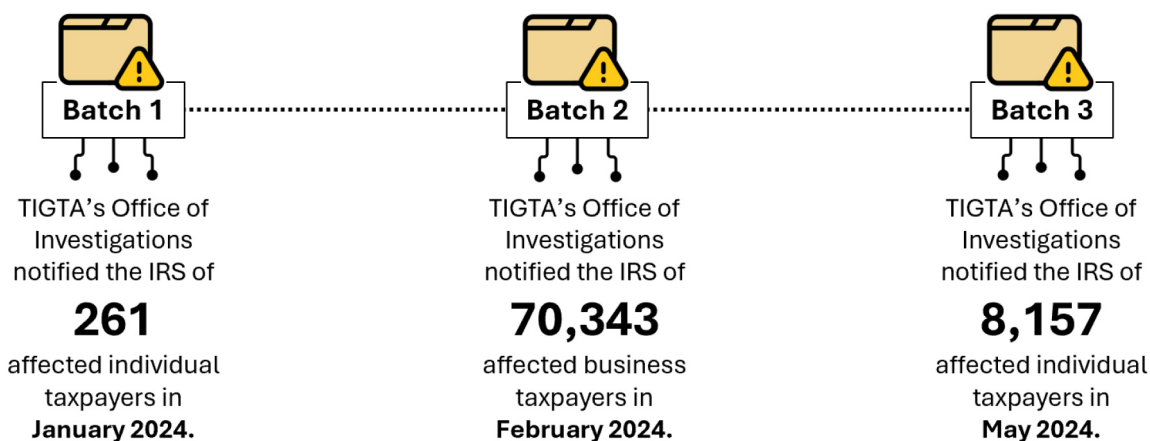


Undeliverable letters stored at the IRS's campus in Philadelphia, PA. TIGTA Photo.

Based on our recommendation, the IRS developed a plan to resend letters to the correct addresses and developed a data breach indicator to mark the accounts of all taxpayers affected. However, we identified 1,334 affected individual taxpayer accounts that had no indicator. The IRS may not need to place indicators in certain instances, such as deceased taxpayers or taxpayers with no active accounts. But based on our recommendation, the IRS reviewed the 1,334 accounts and stated it will add the indicator and mail out notifications to 20 accounts for individuals who were incorrectly classified as deceased.

In June 2024, Office of Investigations provided the IRS with additional criteria that could be considered when identifying taxpayers affected by the data breach.

Figure 8: Batches of Information That TIGTA's OI Provided to the IRS About the Large-Scale Data Breach



Source: TIGTA's correspondence and lists of taxpayers affected by the data breach.

Snapshot Report: IRS Workforce Reductions (as of May 2025)

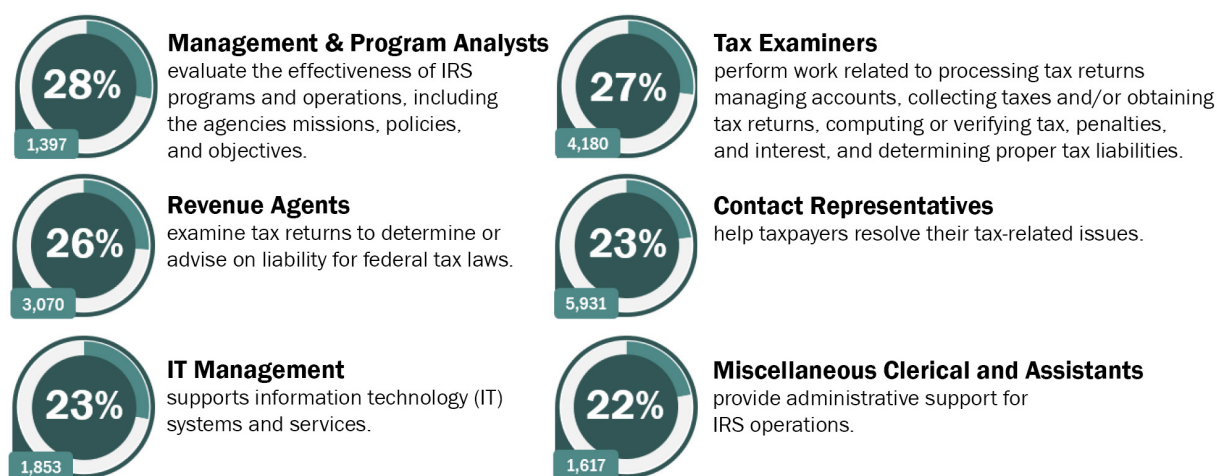
Report Number 2025-IE-R027

We initiated this review to provide an update to our previous report on the IRS's efforts to reduce its workforce. As of May 2025, the agency had approximately 77,000 employees, down from 103,000 in January, representing a 25 percent reduction in five months. Most departures resulted from the federal government's Deferred Resignation Program, which allowed federal employees to resign immediately with continued pay through September 30, 2025. The agency also offered other incentives to leave federal service or retire early, and in April the IRS began Reduction In Force (RIF) actions to further reduce its workforce.

Our May 2025 snapshot shows an array of reductions across multiple areas. For example, approximately 27 percent of tax examiners (who review and process tax returns) and 26 percent of revenue agents (who conduct audits) left the agency. The Small Business/Self-Employed division experienced the greatest reduction, with 35 percent of employees departing, followed by the Human Capital Office at 28 percent.

The report provides a detailed breakdown of all reductions.

Figure 9: Top 6 IRS Job Series Affected by the Separations with the Count and Percentage Impact



Source: TIGTA analysis of IRS Human Capital Office data (May 2025).

Authenticating Callers' Identity on Business and Practitioner Telephone Lines Needs to Be Strengthened to Combat Fraud

Report Number 2025-IE-R025

We received a referral from Office of Investigations about a scheme involving the filing of false Forms 941 (a tax return filed quarterly by businesses). Based on the referral, we informed the IRS that the scheme had resulted in more than \$93 million in fraudulent refunds issued to 20 different businesses. TIGTA's Office of Investigations stopped most payments, but at least \$2.7 million was paid out.

We assessed policies, procedures, and actions the IRS implemented to prevent this scheme. We found that the IRS didn't adequately verify the identity of callers to the Business Specialty Tax and the Practitioner

Priority Service telephone lines. As a result, fraudsters were able to not only file false Forms 941, but also obtain tax refunds and gain access to taxpayer information.

IRS employees alerted management to the risk of erroneous refunds being issued based on fraudulent Form 941 filings. However, management did not take action to prevent the scheme. Furthermore, if identity theft is an issue on a tax account, IRS employees are required to conduct additional research, including reviewing history notes on the account. Our review of the history notes showed that IRS employees had documented fraudsters' initial requests for tax information. If subsequent IRS employees had reviewed those notes, they may not have provided the information needed to further the fraud scheme.

IRS Terminated Probationary Employees Without Following Internal Procedures and Considering Individual Performance

Report Number 2025-IE-R028

As a result of the Administration's actions to reduce the size of the federal government's workforce, the Department of Treasury directed the IRS in February 2025 to begin sending termination notices to all of its 7,315 probationary employees. The letters notified employees that they were terminated for performance reasons and current mission needs.

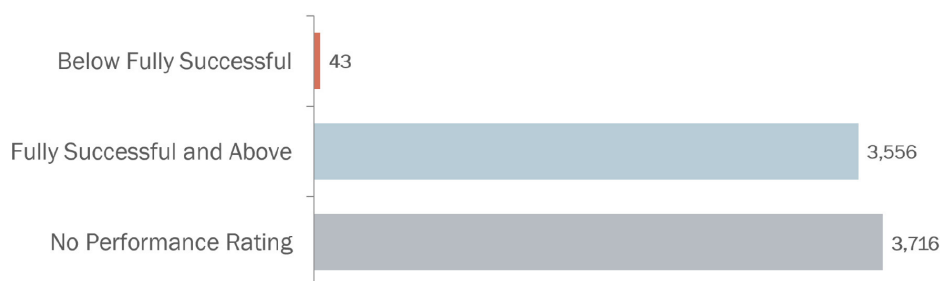
Several senior IRS officials raised concerns to us that probationary employees did not have documented performance issues. We also received letters from several members of Congress requesting that we review the dismissal of probationary employees to determine compliance with agency policies and whether performance was considered.

According to the IRS, 7,315 probationary employees received termination notices in February and March 2025

We found that all probationary employees received the same letter that cited performance as a reason for termination. However, we confirmed that nearly all the terminated employees either did not have a performance rating on record or were rated as Fully Successful or better. As a result, we concluded that the IRS did not consider individual employee performance when terminating probationary employees.

In July 2025, the U.S. Supreme Court stayed a federal court's prohibition on covered agencies implementing Agency RIF and Reorganization Plans and issuing or executing RIF notices. At the time we published this report, it was unclear whether probationary employees would remain reinstated or be terminated in a future large-scale RIF.

Figure 10: Performance Evaluations of 7,315 Probationary Employees



Source: Information obtained from IRS HCO, as of May 2025.

Protect the Integrity of Tax Administration

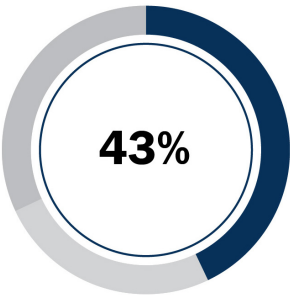
TIGTA is statutorily mandated to protect the integrity of federal tax administration. We accomplish this mission through the investigative work conducted by the Office of Investigations. Through its investigative programs, we protect the integrity of the IRS and its ability to collect revenue owed to the federal government by investigating violations of criminal and civil law that adversely impact federal tax administration, as well as administrative misconduct by IRS employees. We are guided by a performance model that focuses on three primary areas: employee integrity; employee and infrastructure security; and external attempts to corrupt tax administration.

Office of Investigations Highlights

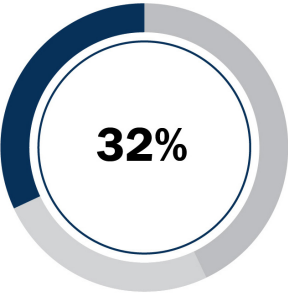
Recoveries	\$2,047,828
Fines, Penalties, and Restitution	\$201,693,851
Tax Liability of Taxpayers Who Threaten and/or Assault IRS Employees	\$344,163
IRS Assets/Resources Protected	\$59,517
Total Financial Accomplishments	\$204,145,359



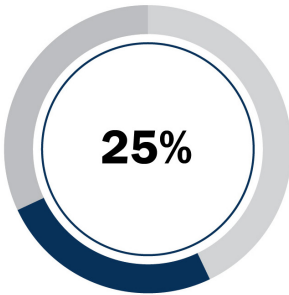
EMPLOYEE INTEGRITY | EMPLOYEE AND INFRASTRUCTURE SECURITY | EXTERNAL ATTEMPTS TO CORRUPT TAX ADMINISTRATION



Employee Integrity



External Attempts to Corrupt
Tax Administration



Employee and Infrastructure Security

The Performance Model

TIGTA's Office of Investigations' mission is to identify and investigate IRS employees' misconduct, protect integrity of IRS programs and operations, and protect IRS from external threats and corruption. We are guided by a performance model that focuses on three primary areas: employee integrity; employee and infrastructure security; and external attempts to corrupt tax administration.

IRS employee misconduct undermines the IRS's ability to deliver taxpayer services, to enforce tax laws effectively, and to collect taxes owed to the federal government. External threats against the IRS impede its ability to carry out its role as the nation's revenue collector fairly, efficiently, and safely. Individuals who attempt to corrupt or otherwise interfere with the IRS through various schemes and frauds adversely impact the IRS's ability to collect revenue.

TIGTA investigates allegations of violations in these areas and refers the findings to the U.S. Department of Justice or to state authorities for prosecution. We also refer allegations of violations involving IRS employee misconduct to IRS management.

In each of the following performance areas, we highlight case examples from the current reporting period.¹

Performance Area: Employee Integrity Investigation

For our country's tax system to operate successfully, taxpayers must have confidence in the fair and impartial administration of federal tax laws and regulations. IRS employee misconduct can erode the public's trust and impede the IRS's ability to effectively enforce tax laws. Employee misconduct can take many forms, such as the misuse of IRS resources or authority; theft; fraud; extortion; taxpayer abuse; unauthorized access to, and disclosure of, tax returns and return information; and identity theft.

During this reporting period, employee integrity investigations accounted for 43 percent of our work. We conducted 283 employee misconduct investigations that were referred to the IRS for action. The IRS took action, up to and including termination, on 259 investigations and closed 24 investigations without action.

As part of our employee integrity focus, we also conduct proactive investigative initiatives to detect misconduct in the administration of IRS programs. During this reporting period, we initiated three projects to detect systemic weaknesses or potential IRS program vulnerabilities. Our most successful integrity project detects IRS employees who abuse their access to taxpayer information.

The following cases represent our efforts to address employee misconduct during this six-month reporting period.

¹ Facts in the summarized case narratives come from court documents of the jurisdictions named.

IRS Employee Abuses System Access and Steals Taxpayer's Credits

While employed as an IRS Contact Representative, Stephanie Hansen unlawfully accessed and transferred tax credits from the taxpayer accounts of Amazon Services, LLC, and Meta Platforms, Inc., to a sole proprietorship taxpayer account she had created years prior. Hansen then unsuccessfully attempted to transfer the credits from the sole proprietorship account to her individual taxpayer account.

In June 2025, Hansen was sentenced in the District of Utah to probation for six months and ordered to pay a \$1,000 fine for theft of government property.

IRS Employee Used Fraudulent IRS Tax Forms to Defraud Banks

Tierra Scott was an IRS employee in Memphis, TN. Working with two coconspirators, Scott devised a scheme to file fraudulent Economic Injury Disaster Loan (EIDL) applications and agreements. The EIDL was a Small Business Administration program that provided low-interest financing to small businesses, renters, and homeowners in regions suffering the economic impacts of the COVID-19 pandemic.

Scott submitted a false and fraudulent EIDL application that overstated business income to obtain a larger loan amount and claimed the fictitious business had operated in the previous 12 months. Scott's EIDL loan application included a fraudulent IRS Schedule C (Form 1040), Profit or Loss from Business, tax return for the year 2019 that grossly overstated her actual business income.

Scott received \$206,000 in EIDL funds and paid her coconspirators \$45,000. The submission of the loan application and receipt of the EIDL funds involved transmission by means of wire communications in interstate commerce.

In June 2025, Scott was indicted in the Northern District of Mississippi for wire fraud and conspiracy to commit wire fraud. Her trial is scheduled for October 27, 2025; if convicted, she could receive up to 30 years' imprisonment.

Former IRS Employee Steals Over \$2 million in Tax Credits from Exxon Mobil

As an account management employee at the IRS Service Center in Ogden, UT, Rodney Quinn Rupe had access to certain taxpayer accounts and case processing tools in an IRS database. Additionally, he could adjust tax credits, penalties, and interest to certain taxpayer accounts within those databases.

Rupe created in the databases a business called Ex Xo Exteriors Ltd., and then moved over \$2 million in tax credits from Exxon Mobil's taxpayer account to the Ex Xo account. He moved tax credits through three separate transfers, each of which involved interstate wires. As a result of the fraud, the IRS issued a tax refund check of approximately \$2.1 million to Ex Xo in September 2023.



The next month Rupe resigned from the IRS. On multiple dates from January to March 2024, he unsuccessfully attempted to deposit the refund check at a financial institution in Utah. In March, TIGTA special agents went to Rupe's home and interviewed him; he confessed. In June 2025, Rupe pleaded guilty to wire fraud. At sentencing, Rupe could receive up to 20 years' imprisonment, three years' supervised release, a fine of \$250,000, and any applicable forfeiture.

Performance Area: Employee and Infrastructure Security

Threats and assaults directed at IRS employees, facilities, and infrastructure impede the effective and safe administration of the federal tax system and the IRS's ability to collect tax revenue.

TIGTA receives referrals of all reports of threats, assaults, and forcible interference against IRS employees while performing their official duties. We also pursue, investigate, and mitigate emerging cyberthreats to the IRS's ability to conduct federal tax administration.

Contact with the IRS can be stressful and emotional for taxpayers. While the majority of taxpayer contacts are routine, some may become confrontational and even violent. TIGTA's special agents are statutorily mandated to provide physical security, known as "armed escorts," to IRS employees who have face-to-face contact with taxpayers who may pose a danger to the employee, and to ensure that IRS employees have a secure environment in which to perform their critical tax administration functions. During this six-month reporting period, we provided five armed escorts for IRS employees.

The Office of Investigations undertakes investigative initiatives to identify individuals who could commit violence against, or otherwise pose a threat to, IRS employees, facilities, or infrastructure. We also provide intelligence to IRS officials to assist them in making proactive operational decisions about potential violence or other activities that could pose a threat to IRS systems, operations, and employees.

Investigative information sharing between TIGTA Investigations and the IRS's Office of Employee Protection to identify "potentially dangerous" taxpayers is one example of our commitment to protecting IRS employees. Taxpayers who meet certain IRS criteria receive a designation as a potentially dangerous taxpayer. Five years after this designation has been made, we conduct a follow-up assessment of the taxpayer so that the IRS can determine if the taxpayer still presents a potential danger to IRS employees.

During this reporting period, employee and infrastructure security investigations accounted for 25 percent of our work.

The following case represents TIGTA's efforts to ensure the safety of IRS employees during this six-month reporting period.

Florida Taxpayer Threatens to Kill IRS and TIGTA Employees

Stephane Brice called the IRS about the status of his 2021 federal tax refund, indicating he did not understand why the IRS would not release his refund. According to court documents, he accused the IRS employee he was talking to and the entire IRS of stealing his money. Brice also threatened to "kill someone" before specifically threatening to "kill each person by taking their off their heads *sic* so that everyone would know it was me and that would be my signature when I killed."

A TIGTA special agent contacted Brice and advised him that threatening a federal employee is a violation of law. Brice then threatened the TIGTA special agent, saying he would "cut" the agent's "head off" and "burn" the agent's "house down" with the agent's children and family inside.

In April 2025, in the Middle District of Florida, Stephane Brice was indicted for threat to a federal law enforcement officer and for transmitting a threat via interstate commerce.

Inmate Threatens IRS Employees Prior to Release from Prison

Timothy Koebert was nearing the end of his prison term for arson at the Pennsylvania State Correctional Institute when he mailed six letters—three to the IRS, three to an Assistant U.S. Attorney—on various dates in 2021 and 2022.

Koebert knowingly threatened to assault a federal law enforcement officer with intent to impede, intimidate, and interfere with him while he was engaged in the performance of official duties and with intent to retaliate against him on account of his performance of official duties.

Koebert mailed a letter that contained a threat to injure an unnamed female victim to the IRS in Austin, TX. Koebert also mailed a letter containing a threat to injure multiple victims, including an unnamed law enforcement officer to the IRS in Ogden, UT.

In August 2025, in the Middle District of Pennsylvania, Koebert pleaded guilty to a nine-count indictment for mailing threatening communications and threats to a federal law enforcement officer.

Performance Area: External Attempts to Corrupt Tax Administration

We investigate external attempts to corrupt or impede tax administration. Individuals may attempt to corrupt or impede tax administration in many ways. They may impersonate IRS employees or misuse IRS seals and symbols; use fraudulent IRS documentation to perpetrate criminal activity; offer bribes to IRS employees to influence their tax cases; commit fraud in contracts the IRS awards to contractors; or commit cybercrimes through the misuse of IRS portals.

In addition, we investigate corruption and criminal activity involving the theft of U.S. Treasury checks, which can include Social Security benefits, pandemic stimulus checks, and tax refunds.

During this reporting period, investigations into attempts to corrupt or impede tax administration accounted for 32 percent of our work. The following cases represent the efforts to address external attempts to corrupt or impede tax administration during this six-month reporting period.

Illinois Man Uses False IRS Tax Filing Forms to Defraud Financial Institutions

Marvin Reed devised and launched a scheme to defraud financial institutions via loan applications for the Paycheck Protection Program (PPP), a relief program created by Congress and administered by the Small Business Administration during the COVID pandemic. A PPP applicant was required to certify that a business was in operation on or before February 15, 2020, and that economic uncertainty at the time of the application made the loan request necessary to support the business' ongoing operations.

Between May 2020 and April 2021, Reed prepared and submitted 15 applications to financial institutions for loans under PPP to obtain funds for approximately 13 entities purportedly owned and operated by himself. In all applications, Reed fraudulently represented each of the purported entities' number of employees, gross revenues, payroll, and existence as companies with ongoing operations.

As a result, Reed fraudulently obtained more than \$760,000 in PPP funds and spent the money for personal benefit.

In July 2025, in the Northern District of Illinois, Marvin Reed was sentenced to 14 months of imprisonment followed by 18 months of supervised release for wire fraud. He was also ordered to pay almost \$764,000 in restitution.

Woman Defrauds Financial Institutions of \$93,000 with Stolen U.S. Treasury Checks

Anndraya Stinson acted as a broker in a conspiracy involving checks stolen from the mail by United States Postal Service employees. Her coconspirators would make counterfeit identity documents in the names of the victims and then use the forgeries to negotiate the stolen checks at banks. In one instance, in February 2024, Stinson delivered to one of her coconspirators a stolen check for \$93,000.

Stinson and her coconspirators ultimately defrauded multiple financial institutions, including Bank of America, City National Bank, JP Morgan Chase Bank, Truist Bank, and Comerica Bank.

In June 2025, Stinson pleaded guilty in the Central District of California to conspiracy to commit bank fraud. Sentencing is scheduled for February 2026. The maximum sentence the court could impose is 30 years' imprisonment, five years' supervised release, and a fine of \$1 million or twice the gross gain or loss, whichever is greatest.



Investigations Statistical Reports

Significant Investigative Achievements

Complaints/Allegations Received by TIGTA	
Complaints Against IRS Employees	1,439
Complaints Against Non-IRS Employees	1,098
Total Complaints/Allegations	2,537
Status of Complaints/Allegations Received by TIGTA	
Investigations Initiated	437
In Process Within TIGTA ²	211
Referred to IRS for Action	853
Referred to IRS for Information Only	2
Referred to a Non-IRS Entity ³	0
Closed With No Referral	507
Closed Associated With Prior Investigation	241
Closed With All Actions Completed	286
Total Complaints/Allegations	2,537
Investigations Opened and Closed	
Total Investigations Opened	862
Total Investigations Closed	900
Financial Accomplishments	
Embezzlement/Theft Funds Recovered	\$2,047,828
Contract Fraud and Overpayments Recovered	\$0
Court-Ordered Fines, Penalties, and Restitution	\$201,693,851
Out-of-Court Settlements	\$0
Potentially Compromised by Bribery	\$0
Tax Liability of Taxpayers Who Threaten and/or Assault IRS Employees	\$344,163
IRS Assets and Resources Protected Against Malicious Loss	\$59,517
Total Financial Accomplishments	\$204,145,359

² Complaints for which final determination had not been made at the end of the reporting period.

³ A non-IRS entity includes other law enforcement entities or federal agencies.

Status of Closed Criminal Investigations			
Criminal Referral	Employee	Non-Employee	Total
Referred – Accepted for Prosecution	13	134	147
Referred – Declined for Prosecution	172	212	384
Referred – Pending Prosecutorial Decision	9	56	65
Total Criminal Referrals ⁴	194	402	596
No Referral	176	84	260
Criminal Dispositions ⁵			
Criminal Disposition	Employee	Non-Employee	Total
Guilty (convicted)	0	12	12
Guilty (plea)	3	89	92
Nolo Contendere (no contest)	0	1	1
Pretrial Diversion	2	2	4
Deferred Prosecution ⁶	1	0	1
Not Guilty	0	0	0
Dismissed	2	8	10
Total Criminal Dispositions	8	112	120
Administrative Dispositions on Closed Investigations ⁷			
Removed/Terminated	24		
Suspended/Reduction in Grade	38		
Resigned/Retired/Separated Prior to Adjudication	52		
Oral or Written Reprimand/Admonishment	52		
Clearance Letter/Closed, No Action Taken	40		
Alternative Discipline/Letter With Cautionary Statement/Other	43		
Non-Employee Actions ⁸	135		
Total Administrative Dispositions	384		

⁴ Criminal referrals include both federal and state dispositions.

⁵ Final criminal dispositions during the reporting period. These data may pertain to investigations referred criminally in prior reporting periods and do not necessarily relate to the investigations identified as referred criminally in the previous Status of Closed Criminal Investigations table. This table does not include investigations whose existence is protected from disclosure by I.R.C. § 6103.

⁶ Generally, in a deferred prosecution, the defendant accepts responsibility for their actions and complies with certain conditions imposed by the court. Upon the defendant's completion of the conditions, the court dismisses the case. If the defendant fails to fully comply, the court reinstates prosecution of the charge.

⁷ Final administrative dispositions during the reporting period. These data may pertain to investigations referred administratively in prior reporting periods and do not necessarily relate to the investigations identified as closed in the Investigations Opened and Closed table.

⁸ Administrative actions taken by the IRS against non-IRS employees.

Summary of Investigative Reports and Criminal Referrals

Criminal Referral Breakdown	
Number of Investigative Reports Issued	
Referred to the Department of Justice for Criminal Prosecution	449
Referred to State/Local Prosecuting Authorities	31
Total Complaints/Allegations	
Indictments	117
Criminal Informations	31

Source: TIGTA Investigations Criminal Results Management System.

Summary of Activity Relating to Complaints of Human Trafficking

In accordance with the Trafficking Victims Prevention and Protection Reauthorization Act of 2022 (Public Law 117-348) TIGTA is required to report on its human trafficking investigations.

Activity Relating to Complaints of Human Trafficking	
Number of Suspected Violations Reported	0
Number of Investigations	0
Status of Investigations	N/A
Outcome of Investigations	N/A

Source: TIGTA Investigations Criminal Results Management System.

No-Knock Warrants

During the reporting period, TIGTA did not have any “no-knock” warrants for entries: Pursuant to judicial authorization; Pursuant to exigent circumstances; or in which a law enforcement officer or other person was injured during a no-knock entry.

Interference

During the reporting period, there were no attempts by the IRS to interfere with the independence of TIGTA. Additionally, the IRS did not resist, object to oversight activities, or significantly delay access to information.

Instances of Whistleblower Retaliation

During the reporting period, there were no investigations of whistleblower retaliation.

Suspension and Debarment

The following table represents the number of cases TIGTA has referred to Treasury’s Office of Procurement Executive, who is the Department’s Suspension and Debarment Official. Cases are referred for potential suspension or debarment action, including any subsequent action taken by the Treasury Department, between April 1 and September 30, 2025.

Summary of Suspension and Debarment Referrals

	Referred	Pending	Suspended	Debarred	Activity
Office of Investigations	3	3	0	0	0

Closed Investigations Involving IRS Senior Government Employees⁹

Detailed Description of the Facts and Circumstances of the Investigation	Disposition	Criminal Status	Date Referred	If Declined, Date of Declination
A senior government employee allegedly engaged in an aggressive workplace action.	Closed Without Action Letter	N/A	N/A	N/A
A senior government employee allegedly sexually assaulted an employee.	Removal / Termination	Declined Federal Declined State	7/17/2023 5/2/2024	4/30/2024 2/13/2025
A senior government employee allegedly physically touched another employee.	Resigned Before Adjudication	N/A	N/A	N/A
A senior government employee allegedly lacked candor during management inquiries.	Reprimand	N/A	N/A	N/A
A senior government employee allegedly inappropriately used government contractors	Not Referred	N/A	N/A	N/A
A senior government employee allegedly engaged in nepotism, lack of candor, and an inappropriate work relationship.	Suspension	Declined	1/30/2024	1/30/2024
A senior government employee allegedly engaged in inappropriate hiring practices.	Closed Without Action Letter	N/A	N/A	N/A

⁹ When TIGTA refers an IRS employee investigation to the IRS, the investigation remains open until all actions are completed, including any penalty imposed upon the employee by the IRS. TIGTA closes an employee investigation after receiving notice from the IRS of the administrative action taken in response to that investigation. For this report, a “senior government employee” refers to an officer or employee in the Executive Branch who occupies a position classified at or above GS-15 of the General Schedule. 5 U.S.C. § 405(a)(6). This table does not include investigations whose existence is protected from disclosure by I.R.C. § 6103.

Reports with Unimplemented Corrective Actions

The Inspector General Act of 1978 requires that we identify any recommendations described in previous semiannual reports, including the potential cost savings of those recommendations for which corrective actions have not been completed. Following is a list of audit and evaluation reports, with unimplemented corrective actions. The list is based on information from the Treasury Department's Joint Audit Management Enterprise System (JAMES). Visit our Reports section on our website to obtain more details about the recommendations.

Revising Tax Debt Identification Programming and Correcting Procedural Errors Could Improve the Tax Refund Offset Program

Recommendation 1
Rep. No. 2016-40-028; March 2016

Improvements Are Needed to Ensure That Tax Accounts on the Automated Non-Master File Are Accurately Processed

Recommendation 1
Recommendation 2—Potential Increased Revenue: \$354,153
Rep. No. 2017-40-037; May 2017

Further Actions Are Needed to Reduce the Risk of Employment Tax Fraud to Businesses That Use the Services of Professional Employer Organizations

Recommendation 3
Rep. No. 2017-40-085; September 2017

Actions Are Needed to Reduce the Risk of Fraudulent Use of Employer Identification Numbers and to Improve the Effectiveness of the Application Process

Recommendations 3 and 9
Rep. No. 2018-40-013; February 2018

Active Directory Oversight Needs Improvement and Criminal Investigation Computer Rooms Lack Minimum Security Controls

Recommendation 3
Rep. No. 2018-20-034; June 2018

Improvements Are Needed in the Withholding Compliance Program

Recommendation 5
Rep. No. 2018-30-072; September 2018

Additional Actions Are Needed to Further Reduce Undeliverable Mail

Recommendations 1 and 2
Rep. No. 2019-40-074; September 2019

Improvements Are Needed to Ensure That Consistent Suitability Checks Are Performed for Participation in Internal Revenue Service Programs

Recommendation 9
Rep. No. 2020-40-005; November 2019

The Internal Revenue Service Can Improve Taxpayer Compliance for Virtual Currency Transactions

Recommendation 1
Rep. No. 2020-30-066; September 2020

Security Controls Over Electronic Crimes Labs Need Improvement

Recommendations 1 and 3
Rep. No. 2021-20-003; December 2020

Expansion of Self-Correction for Electronic Filers and Other Improvements Could Reduce Taxpayer Burden And Costs Associated With Tax Return Error Resolution

Recommendation 6
Rep. No. 2021-40-008; December 2020

*******Platform Management Needs Improvement¹⁰**

Recommendation 5
Rep. No. 2021-20-063; September 2021

Increased Availability of Tax Resources and Information for Limited English Proficient and Visually Impaired Taxpayers Has Enhanced Assistance, but Additional Improvements Are Needed

Recommendations 4, 6, 7, and 8
Rep. No. 2022-40-008; December 2021

Program and Organizational Changes Are Needed to Address the Continued Inadequate Tax Account Assistance Provided to Taxpayers

Recommendations 11 and 18
Rep. No. 2022-46-027; March 2022

Processing of Recovery Rebate Credit Claims During the 2021 Filing Season

Recommendation 1
Rep. No. 2022-46-032; May 2022

**Physical Security Controls at the
*****¹¹**

Recommendations 1, 5, and 6
Rep. No. 2023-IE-R001; October 2022

Fiscal Year 2023 Biannual Independent Assessment of Private Collection Agency Performance

Recommendation 2
Rep. No. 2023-30-005; December 2022

Opportunities Exist for the IRS to Develop a More Coordinated Approach to Examination Workplan Development and Resource Allocation

Recommendations 2 and 4
Rep. No. 2023-30-008; February 2023

Actions Have Been Taken to Implement Taxpayer First Act Provisions Related to the IRS Independent Office of Appeals; However, Some Improvements Are Still Needed

Recommendation 1
Rep. No. 2023-15-010; February 2023

Additional Actions Are Needed to Improve and Secure the Income Verification Express Service Program

Recommendation 8
Rep. No. 2023-45-014; March 2023

Actions Are Being Taken to Reduce Risks to Employees Whose Names Are Required to Be Included on Internal Revenue Service Correspondence

Recommendations 1 and 2
Rep. No. 2023-IE-R004; May 2023

Additional Actions Are Needed to Reduce Accounts Management Function Inventories to Below Pre-Pandemic Levels

Recommendations 6 and 10
Rep. No. 2023-46-026; May 2023

Plans Were Made to Implement the Taxpayer Experience Strategy, but Progress Is Not Monitored

Recommendations 1 and 2
Rep. No. 2023-15-028; May 2023

Recurring Identification Is Needed to Ensure That Employers Full Pay the Deferred Social Security Tax

Recommendation 2
Rep. No. 2023-46-030; May 2023

Opportunities Exist to Improve the Accuracy of Information in the Centralized Authorization File and Increase the Use of the Tax Pro Account System

Recommendation 1
Rep. No. 2023-40-033; May 2023

Additional Actions Are Needed to Improve Data Collection and Analysis of Whistleblower Claims and Ensure Full Compliance With the Taxpayer First Act

Recommendation 1
Rep. No. 2023-35-031; June 2023

American Rescue Plan Act: Continued Review of Premium Tax Credit Provisions

Recommendations 1, 2, and 3
Rep. No. 2023-47-036; June 2023

¹⁰ Redaction due to subject matter that might create a risk of circumvention of the law if publicly released.

¹¹ Redaction due to subject matter that might create a risk of circumvention of the law if publicly released.

Review of the IRS's Process to Perform Mandatory Annual Examinations of Presidential Returns for Tax Years 2000 Through 2021

Recommendations 1, 2, 4, and 5
Rep. No. 2023-IE-R011; September 2023

The Internal Revenue Service Has Experienced Challenges in Transitioning to Electronic Records

Recommendations 1 and 2
Rep. No. 2023-10-050; September 2023

The Enterprise Physical Access Control System Implementation and Physical Security Controls Need Improvement

Recommendation 3
Rep. No. 2023-20-062; September 2023

The Internal Revenue Service Is Not Fully Complying With the No TikTok on Government Devices Implementation Guidance

Recommendations 3 and 6
Rep. No. 2024-IE-R003; December 2023

Improvements Are Needed to Ensure the Health and Safety of Employees at the C-site

Recommendations 5, 6, 11, and 16
Rep. No. 2024-IE-R006; December 2023

Administration of the Individual Taxpayer Identification Number Program

Recommendation 7—Potential Funds Put to Better Use: \$8,114,040
Recommendation 8
Rep. No. 2024-400-012; December 2023

Interim Evaluation – Assessment of the IRS's Comprehensive Facilities Security Review and Employee Safety and Security Measures

Recommendations 1, 9, 12, and 13
Rep. No. 2024-IE-R004; January 2024

Assessment of Processes to Grant Access to Sensitive Systems and to Safeguard Federal Tax Information

Recommendation 1
Rep. No. 2024-IE-R008; February 2024

Taxpayer Assistance Centers Generally Provided Quality Service, but Additional Actions Are Needed to Reduce Taxpayer Burden

Recommendation 1
Rep. No. 2024-100-022; May 2024

A Comprehensive Strategy Is Needed to Address the Significant Backlog of Adjustment Source Documentation Inventory

Recommendation 3
Rep. No. 2024-IE-R013; June 2024

Some Corrective Actions to Address Reported Information Technology Weaknesses Were Not Adequately Documented and Effectively Implemented

Recommendation 3
Rep. No. 2024-200-025; June 2024

Virtual Currency Tax Compliance Enforcement Can Be Improved

Recommendations 1, 2, and 3
Rep. No. 2024-300-030; July 2024

Actions Have Been Taken to Improve Security Controls for the Planned Expanded Use of Login.gov; However, Additional Security Improvements Are Needed

Recommendations 2 and 5
Rep. No. 2024-200-032; July 2024

The IRS Does Not Have Specific Plans to Replace and Decommission Legacy Systems

Recommendation 1
Rep. No. 2024-200-038; August 2024

Improvements to the Tax Exempt Compliance Unit Could Reduce Mistakes and Unproductive Examination Referrals

Recommendation 4
Rep. No. 2024-100-040; August 2024

Efforts to Oversee State Agency Access to Federal Tax Information Were Generally Successful; However, Some Improvements Are Needed

Recommendations 1 and 2
Rep. No. 2024-100-041; August 2024

The IRS Has Made Limited Progress Developing the Methodology to Comply With the Treasury Directive to Not Increase the Audit Rate for Taxpayers With Incomes Below \$400,000 Due to Planning and Implementation Challenges

Recommendation 4
Rep. No. 2024-308-043; August 2024

Actions Need to Be Taken to Improve the Data Loss Prevention Solution and Reduce the Risk of Data Exfiltration

Recommendations 1, 2, and 3
Rep. No. 2024-200-048; September 2024

The Direct File Pilot Deployed Successfully; However, Security and Testing Improvements Are Needed

Recommendation 4
Rep. No. 2024-200-050; September 2024

Customer Satisfaction Survey Results Are Not Used Effectively to Improve Taxpayer Service

Recommendations 1, 2, 3, 4, 6, and 7
Rep. No. 2024-100-053; September 2024

Fiscal Year 2024 Statutory Review of Compliance With Legal Guidelines When Issuing Levies

Recommendations 1, 4, and 6
Rep. No. 2024-300-056; September 2024

Security Vulnerability Management and Configuration Compliance of a General Support System and Major Application Need Improvement

Recommendations 2, 3, 5, and 6
Rep. No. 2024-200-057; September 2024

Review of the IRS Independent Office of Appeals Collection Due Process Program

Recommendations 1 and 2
Rep. No. 2024-300-060; September 2024

Fiscal Year 2024 Statutory Audit of Compliance With Legal Guidelines Restricting the Use of Records of Tax Enforcement Results

Recommendations 5 and 6
Rep. No. 2024-300-061; September 2024

The Information Collected by Online Providers and Shared With Third Parties Is Not Clearly Disclosed to Taxpayers and Is Unknown to the IRS

Recommendation 2
Rep. No. 2024-400-062; September 2024

Former Contractor Employees Retained Access to IRS Facilities, Systems, and Equipment

Recommendation 2
Rep. No. 2024-100-063; September 2024

The IRS Could Collect Over a Billion Dollars in Taxes From Unreported Wagering Income

Recommendation 1—Potential Increased Revenue: \$1,378,183,554
Recommendations 2, 4, and 5
Rep. No. 2024-300-064; September 2024

Improvements Are Needed to Ensure Oversight of and Increase Participation in the Free File Program

Recommendations 1, 2, 3, 4, and 7
Rep. No. 2024-400-067; September 2024

Actions Were Not Taken to Timely Strengthen Practitioner Priority Service Telephone Line Authentication Controls

Recommendation 2—Actual Funds Put to Better Use: \$47,698,849
Rep. No. 2025-IE-R001; October 2024

Governance Efforts Should Be Accelerated To Ensure the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence

Recommendation 2
Rep. No. 2025-IE-R003; November 2024

Final Evaluation - Assessment of the IRS's Comprehensive Facilities Security Review and Employee Safety and Security Measures

Recommendations 1, 4, 6,
Rep. No. 2025-IE-R004; November 2024

Improved Secure Document Safeguarding and Destruction Procedures Are Needed

Recommendations 1, 3, 4, 5, 6, 10, 11, and 12
Rep. No. 2025-IE-R005; December 2024

The Tax Offset Program Continues to Allow Millions of Dollars to Be Erroneously Refunded to Taxpayers

Recommendations 1, 5, and 6
Recommendation 2—Potential Funds Put to Better Use: \$23,157,344
Rep. No. 2025-400-002; December 2024

The IRS Lacks Authority to Independently Verify That Low Income Taxpayer Clinic Grant Recipients Are Meeting Eligibility Requirements

Recommendations 1, 2, and 3
Rep. No. 2025-100-005; January 2025

Improvements Are Needed to Ensure That Taxpayers Are Receiving a Quality Experience When Visiting a Taxpayer Assistance Center

Recommendations 7 and 8
Rep. No. 2025-IE-R010; February 2025

The Taxpayer Advocate Service Office of Systemic Advocacy Needs to Improve Program Oversight to Ensure Taxpayer Problems Are Effectively Identified and Resolved

Recommendations 1, 2, 3, 4, 5, 7, 9, 10, and 11
Rep. No. 2025-300-006; February 2025

Improvements Are Required to Promptly Validate and Issue Manual Refunds Associated With Deceased Taxpayers

Recommendation 1—Potential Funds Put to Better Use: \$4,681,909
Recommendation 2—Potential Funds Put to Better Use: \$16,804,354
Recommendations 5 and 6
Rep. No. 2025-IE-R012; March 2025

The Unanticipated Large Number of Taxpayers Created Safety and Security Challenges at Some Taxpayer Assistance Center Saturday Help Events

Recommendations 1, 2, and 5
Rep. No. 2025-IE-R013; March 2025

Inflation Reduction Act: Implementation of the Clean Vehicle Tax Credits

Recommendation 1
Rep. No. 2025-408-014; March 2025

Inflation Reduction Act: Contract Performance Oversight and Compliance With Expenditure Restrictions Need Improvement

Recommendations 1, 3, 5, and 6
Rep. No. 2025-208-008; March 2025

Inflation Reduction Act: Results of the Direct File Pilot

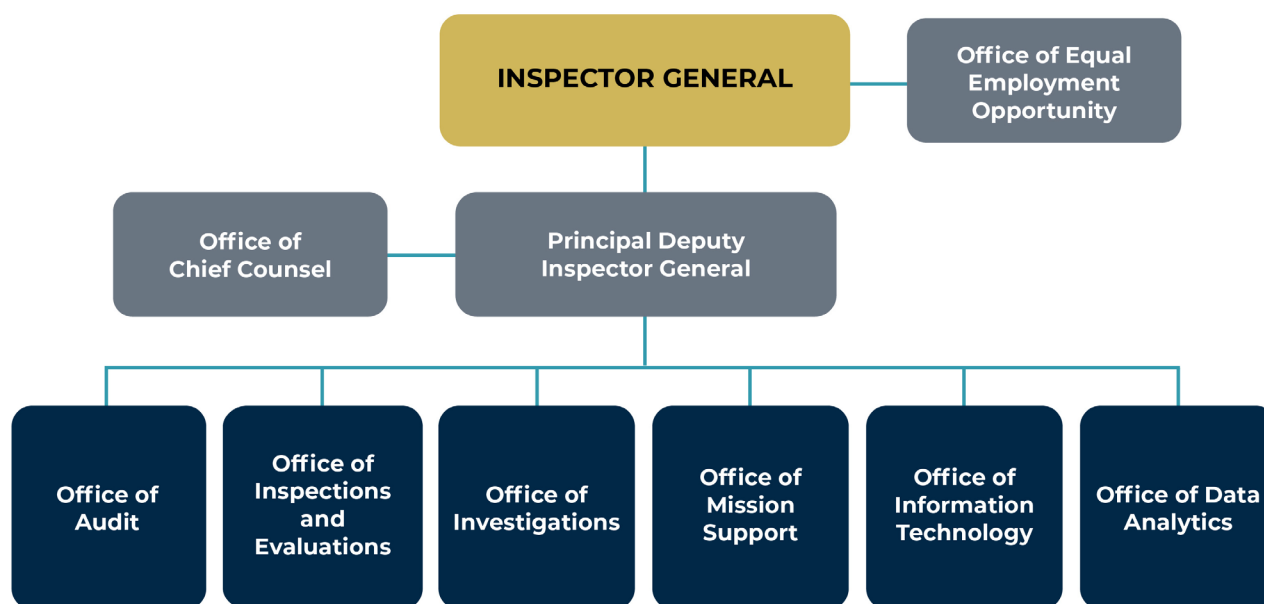
Recommendations 1 and 5
Rep. No. 2025-408-015; March 2025

Systems Hosting Sensitive Data Lack Consistent Inventory Standards

Recommendations 2, 3, and 4
Rep. No. 2025-200-009; March 2025

Appendix I

Organizational Structure



Authorities

TIGTA has all authorities granted under the Inspector General Act of 1978 (Inspector General Act).¹² In addition to the standard authorities granted to Inspectors General, TIGTA has access to tax information in the performance of its tax administration responsibilities. TIGTA also reports potential criminal violations directly to the Department of Justice when we deem appropriate.

TIGTA and the Commissioner of Internal Revenue (Commissioner or IRS Commissioner) have established policies and procedures delineating responsibilities to investigate potential criminal offenses under the Internal Revenue laws. In addition, the RRA 98 amended the Inspector General Act to give TIGTA the statutory authority to carry firearms, execute search and arrest warrants, serve subpoenas and summonses, and make arrests.¹³

¹² 5 United States Code (U.S.C.) §§ 401-424.

¹³ Internal Revenue Code (I.R.C.) § 7608(b)(2). Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2, 5, 16, 19, 22, 23, 26, 31, 38, and 49 U.S.C.).

Appendix II

Other Required Reporting

The Inspector General Act requires Inspectors General to address the following matters.

Topic	Results for the Reporting Period Ending September 30, 2025
Interference/Access to Information	There were no attempts to interfere with TIGTA's independence, including: • budget constraints; • incidents of resistance or objection to oversight activities; and/or • restricted or significantly delayed access to information.
Management Decisions for Reports Issued in a Prior Reporting Period	TIGTA received no management decisions during the current reporting period for reports issued in a prior reporting period.
Disclosure	No reports were closed and not disclosed to the public.
Review of Legislation and Regulations	TIGTA's Office of Chief Counsel reviewed 167 proposed regulations and legislative requests during the reporting period.

Appendix III

Statutory Reviews

The following table reflects the FY 2025 statutory reviews.

Reference to Statutory Coverage	
Explanation of the Provision	Comments/TIGTA Audit Status
Enforcement Statistics	
I.R.C. § 7803(d)(1)(A)	
Requires TIGTA to evaluate the IRS's compliance with restrictions under RRA 98 § 1204 on the use of enforcement statistics to evaluate IRS employees.	Rep. No. 2025-300-044 ; September 2025 TIGTA found instances of noncompliance with two subsections of the RRA 98 § 1204 requirements. The violations of these provisions in this review include 29 instances of noncompliance in different IRS business units in which IRS management failed to either maintain the retention standard documentation or ensure that it was appropriately signed (RRA 98 § 1204(b)), and 21 instances where 17 managers did not complete at least one Fiscal Year 2024 quarterly certification in multiple IRS business units (RRA 98 § 1204(c)). TIGTA identified six Section 1204 employees that failed to complete the Section 1204 briefing in Fiscal Year 2024.
Restrictions on Directly Contacting Taxpayers	
I.R.C. § 7803(d)(1)(A)(ii)	
Requires TIGTA to evaluate the IRS's compliance with restrictions under I.R.C. § 7521 on directly contacting taxpayers who have indicated they prefer their representatives be contacted.	Rep. No. 2025-300-047 ; September 2025 TIGTA found that IRS employees did not consistently follow legal and procedural requirements related to direct taxpayer contact and representation. TIGTA identified 38 potential violations within 21 of the 75 field examination cases sampled for review. In 8 of these 21 cases, field examiners committed multiple potential violations. TIGTA estimates there were more than 13,600 cases from July 2023 through June 2024 where the examiner did not consistently follow procedures to protect the taxpayer's right to representation. Some violations were caused by an inconsistency between the Internal Revenue Manual (IRM) guidance to employees and other procedural rules. This inconsistency impacts taxpayers that use Form 2848, Power of Attorney and Declaration of Representative to designate a representative.

Filing of a Notice of Lien

I.R.C. § 7803(d)(1)(A)(iii)

Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. § 6320(a) upon the filing of a notice of lien.

Rep. No. 2025-300-034; August 2025

TIGTA reviewed a statistically valid sample of 116 out of 109,531 Notice of NFTLs that the IRS filed from July 1, 2023, through June 30, 2024, in which a Collection Due Process lien notice was required to be sent to the taxpayer. TIGTA found that the IRS generally complied with legal requirements to send lien notices to the taxpayer's last known address by certified or registered mail and within five business days of the lien filing. TIGTA found instances where the IRS did not provide all the taxpayers' representatives with a copy of the lien and hearing notice. From the statistical sample of 116 NFTLs, there were 58 cases in which the taxpayer designated their authorized representative(s) to receive notices. The IRS did not provide notices in 5 of the 58 cases to every authorized representative designated by the taxpayer.

Extensions of the Statute of Limitations for Assessment of Tax

I.R.C. § 7803(d)(1)(C) / I.R.C. § 6501(c)(4)(B)

Requires TIGTA to include information regarding extensions of the statute of limitations for assessment of tax under I.R.C. § 6501 and the provision of notice to taxpayers regarding the right to refuse or limit the extension of particular issues or a particular period of time.

Rep. No. 2025-150-018; March 2025

TIGTA selected a statistically valid stratified random sample of 74 out of 6,815 taxpayer audit files closed from April 1, 2023 through March 31, 2024, for cases in which the IRS extended the assessment statute expiration date. TIGTA reviewed 43 of the 74 case files. The remaining cases were paper files. TIGTA did not identify any instances in which the IRS failed to provide notice to the taxpayers of their rights to decline to extend the assessment statute of limitations or to request that any extension be limited to a specific period of time or specific issues. Similar to prior reviews, the IRS was unable to provide many of the taxpayer paper audit files requested.

Levies

I.R.C. § 7803(d)(1)(A)(iv)

Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. § 6330 regarding levies.

Rep. No. 2025-300-042; September 2025

TIGTA reviewed levies issued by Field Collection revenue officers for more than 46,182 taxpayers during the period July 1, 2023, through June 30, 2024. TIGTA identified 357 instances of noncompliance that resulted in potential violations of taxpayers' rights and an estimated 472 instances of noncompliance that resulted in taxpayers being burdened.

Collection Due Process

I.R.C. §§ 7803(d)(1)(A)(iii) and (iv)

Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. §§ 6320 and 6330 regarding taxpayers' rights to appeal lien or levy actions.

Rep. No. 2025-300-051; September 2025

TIGTA previously identified 55 unlawful levies that occurred because the IRS did not timely input the required code that prevents a levy from occurring on a taxpayer's account. TIGTA analyzed these cases to assess whether Appeals had incorrectly certified that all laws and regulations had been met, despite the unlawful levy. In nearly all of the 55 unlawful levy cases, the Appeals hearing officers did not identify that an unlawful levy occurred and incorrectly verified that all laws and procedures had been complied with for the proposed levy action to proceed.

Seizures

I.R.C. § 7803(d)(1)(A)(iv)

Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. §§ 6330 through 6344 when conducting seizures.

Rep. No. 2025-300-043; September 2025

TIGTA reviewed 61 taxpayer cases involving 105 seizures conducted by the IRS and found that Field Collection employees generally adhered to applicable laws, regulations, and procedures. However, the IRS conducted seizures without following proper procedures in some cases, potentially violating taxpayer rights or causing unnecessary taxpayer burden.

Taxpayer Designations—Illegal Tax Protester Designation and Similar Designations

I.R.C. § 7803(d)(1)(A)(v)

An evaluation of the IRS's compliance with restrictions under RRA 98 § 3707 on designation of taxpayers.

Internal Memorandum; May 2025

The IRS complied with the Restructuring and Reform Act § 3707 by removing the Illegal Tax Protester (ITP) designation from the Individual Master File (IMF) in January 1999. TIGTA's FY 2025 review determined that ITP codes were not used on the Master File during the review period of July 01, 2023, through June 30, 2024. TIGTA found no use of an ITP code designation in the review of the IMF or the Business Master File databases or in the review of current Master File transactions codes.

Disclosure of Collection Activity With Respect to Joint Returns

I.R.C. § 7803(d)(1)(B) (TIGTA requirement) / I.R.C. § 6103(e)(8) (IRS requirement)

Requires TIGTA to review and certify whether the IRS is complying with I.R.C. § 6103(e)(8), which requires the IRS to disclose information to an individual filing a joint return on collection activity involving the other individual filing the return.

Rep. No. 2025-300-046; September 2025

TIGTA reviewed 91 case history files from the Small Business/Self-Employed Division to determine whether employees followed the joint return disclosure requirements on collection information requests. TIGTA determined that disclosure requirements were not followed in 29 (32 percent) cases worked by the Automated Collection System, Field Collection, and Specialty Collection, Offer in Compromise functions. In most cases, taxpayers or their representatives did not receive the information related to collection activities of the taxpayers' joint liabilities to which they were entitled. These taxpayers were either potentially burdened with additional delays in resolving their respective tax matters or potentially had their right to privacy violated.

Taxpayer Complaints

I.R.C. § 7803(d)(2)(A)

Requires TIGTA to include in each Semiannual Report to Congress the number of taxpayer complaints received; and the number of employee misconduct and taxpayer abuse allegations received by the IRS or TIGTA from taxpayers, IRS employees, and other sources.

Statistical results on the number of taxpayer complaints received are shown on page 21.

Administrative or Civil Actions With Respect to the Tax Collection Practices Act of 1996

I.R.C. § 7803(d)(1)(G) / I.R.C. § 6304 / RRA 98 § 3466

Requires TIGTA to include information regarding any administrative or civil actions with respect to violation of the fair debt collection provision of I.R.C. § 6304, including a summary of such actions and any resulting judgments or awards granted.

Rep. No. 2025-300-045; September 2025

TIGTA reviewed cases in the IRS's Automated Labor and Employee Relations Tracking System (ALERTS) from July 1, 2023, through June 30, 2024, and identified 38 employee misconduct cases, containing 40 issues that were coded as potential Fair Tax Collection Practices (FTCP) violations (15 issues were substantiated as FTCP violations, 24 unsubstantiated, and 1 did not have a substantiation code). TIGTA reviewed 116 misconduct cases with 143 other issue codes from the ALERTS database potentially related to FTCP violations and found that 19 (in 16 cases) of 143 misconduct case issues should have been coded as potential FTCP violations. TIGTA also identified 400 potential FTCP violations (76 potential violations from Field Collection and 324 Campus Collection) in the IRS's Embedded Quality Review System, that were not reported in the ALERTS database.

Denials of Requests for Information

I.R.C. § 7803(d)(1)(F) / I.R.C. § 7803(d)(3)(A)

Requires TIGTA to include information regarding improper denial of requests for information from the IRS, based on a statistically valid sample of the total number of determinations made by the IRS to deny written requests to disclose information to taxpayers on the basis of I.R.C. § 6103 or 5 U.S.C. § 552(b)(7).

Rep. No. 2025-100-027; June 2025

TIGTA reviewed a statistically valid stratified random sample of 52 of the 892 fully or partially denied FOIA requests and determined that the IRS correctly withheld information using FOIA exemption (b)(7) for 48 (92 percent) of the 52 FOIA information requests. In the four remaining cases, the IRS improperly withheld information which the requestor was entitled to receive. Based on this year's sample results, TIGTA estimates that the IRS erroneously applied the (b)(7) exemption on approximately 73 of the 892 FOIA exemption (b)(7) information requests closed between April 1, 2023, and March 31, 2024.

Payment Integrity Information Act of 2019

31 U.S.C. § 3353

Requires TIGTA to assess the IRS's compliance with improper payment requirements.

Rep. No. 2025-400-025; May 2025

For FY 2024, the IRS partially complied with the reporting requirements contained in the Payment Integrity Information Act of 2019. As in prior years, the IRS calculated improper payment rates for the following four high-risk programs: Additional Child Tax Credit, American Opportunity Tax Credit, Earned Income Tax Credit, and Net Premium Tax Credit. However, the IRS still has not satisfied the goal to reduce improper payment rates to less than 10 percent.

Government Charge Card Abuse Prevention Act of 2012

Pub. L. No. 112-194, 126 Stat. 1445 (codified as amended at 5 U.S.C. § 5701 note, 10 U.S.C. § 2784, and 41 U.S.C. 1909)

Requires TIGTA to report on the IRS's progress in implementing purchase and travel card audit recommendations.	Rep. No. 2025-1S0-011 ; January 2025 Rep. No. 2025-1S0-039 ; July 2025 TIGTA's review of the IRS's purchase card program found that controls are generally effective, and the number of purchase card violations identified by the Chief Financial Officer's Credit Card Services Branch were minimal.
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Biannual Independent Assessment of Private Collection Agency Performance

Independently evaluate the performance of private collection agencies.	Rep. No. 2025-300-004 ; December 2024 TIGTA's review revealed that 796 private collection agency employees were granted access to Personally Identifiable Information. Of those granted access, 11 employees received a Proposal to Deny Letter due to security concerns identified in their background investigation, and staff-like access should have been immediately suspended. However, the IRS does not readily track when interim staff-like access is suspended and whether it is immediate. A review of private collection agency incident logs identified 10 incidents that were improperly categorized and potentially violated the Fair Debt Collection Practices Act for disclosing tax debt information to unauthorized third parties
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Individual Taxpayer Identification Number (ITIN) Program

Assess that only individuals with a tax need are assigned an ITIN.	Fieldwork currently in process.
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Adequacy and Security of the Technology of the IRS

I.R.C. § 7803(d)(1)(D)

Requires TIGTA to evaluate the IRS's adequacy and security of its technology.	Information Technology Reviews: Rep. No. 2025-IE-R003 ; Nov 2024 Rep. No. 2025-400-002 ; Dec 2024 Rep. No. 2025-IE-R008 ; Feb 2025 Rep. No. 2025-408-010 ; Feb 2025 Rep. No. 2025-405-013 ; Feb 2025 Rep. No. 2025-408-014 ; Mar 2025 Rep. No. 2025-208-008 ; Mar 2025 Rep. No. 2025-IE-R012 ; Mar 2025 Rep. No. 2025-408-015 ; Mar 2025 Rep. No. 2025-408-016 ; Apr 2025 Rep. No. 2025-308-022 ; May 2025 Rep. No. 2025-208-023 ; May 2025 Rep. No. 2025-2S0-007 ; Jun 2025 Rep. No. 2025-400-036 ; Jul 2025 Rep. No. 2025-IE-R029 ; Aug 2025 Rep. No. 2025-2S8-041 ; Aug 2025 Rep. No. 2025-208-050 ; Sep 2025	Security Reviews: Rep. No. 2025-200-009 ; Mar 2025 Rep. No. 2025-IE-R018 ; Jul 2025 Rep. No. 2025-2S0-029 ; Jun 2025 Rep. No. 2025-200-038 ; Sep 2025 Rep. No. 2025-200-037 ; Sep 2025 Rep. No. 2025-200-035 ; Sep 2025
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Appendix IV

Audit and Evaluation Reports Issued^{14 15}

View reports in their entirety at [TIGTA.gov](https://www.tigta.gov).

April 2025

Actions Need to Be Taken to Improve Services Provided at Taxpayer Assistance Centers
2025-108-017

Final Results of the 2024 Filing Season
2025-408-016

Revenue Officer Compliance Sweeps of High-Income Nonfilers Were Impactful, but Tracking Data and Training Could Be Improved
2025-300-021

Consistent Guidance Could Improve Delivery of Payments and Returns Intended for IRS Lockbox Sites
2025-IE-R015

Automated External Defibrillators Are Not Operationally Ready or Available at Some IRS Posts of Duty
2025-IE-R016

Vague and Outdated Guidance Creates Challenges for Tax-Exempt Hospital Oversight
2025-100-019

The IRS Could Leverage Examination Results in Artificial Intelligence Examination Case Selection Models and Improve Processes to Evaluate Performance

2025-308-022

Limited Progress Has Been Made Expanding the Use of Electronic Signature Services on Non-Tax Forms
2025-208-023

Snapshot Report: IRS Workforce Reductions as of March 2025
2025-IE-R017

Thousands of Notifications to Taxpayers Affected by the Large-Scale Data Breach Were Returned Undeliverable
2025-IE-R019

May 2025

The IRS Reduced Earned Income Tax Credit Examinations in Fiscal Year 2024, but the Process to Mitigate Racial Disparity Needs to Be Defined
2025-308-020

Assessment of Fiscal Year 2024 Compliance With Improper Payment Reporting Requirements
2025-400-025

June 2025

Interim Results of the 2025 Filing Season
2025-400-026

Fiscal Year 2025 Review of Compliance With the Freedom of Information Act
2025-100-027

Improvements to Taxpayer Advocate Case Processing Would Result in Better Customer Service
2025-100-024

¹⁴ Unless otherwise noted, IRS management decisions were made by the end of the reporting period for all audit products listed in this appendix.

¹⁵ Dollar values for any recommendations with Questioned Costs and/or Funds Put to Better Use are available in the Outcome Measure Appendix of the report, if applicable.

Criminal Investigation Trends From Fiscal Year 2019 Through Fiscal Year 2023
2025-3S0-028

Annual Assessment of the IRS's Information Technology Program for Fiscal Year 2024
2025-2S0-007

The IRS Transferred Incorrect Federal Tax Information to the Department of Education for Federal Student Aid
2025-2S0-029

Improvements Are Needed to Address Inaccuracies in Unassigned Firearms Inventory Records
2025-IE-R020

July 2025

High-Income Individual Examinations Increased in Fiscal Year 2024, But Key Terms and Methodologies for Compliance With the 2022 Treasury Directive Remained Unresolved
2025-308-030

Trends in Compliance Activities Through Fiscal Year 2023
2025-300-031

Review of the Internal Revenue Service's Purchase Card Violations Report
2025-1S0-039

The Internal Revenue Service University Training Has Not Been Streamlined and Its Future Is Unknown
2025-3S8-033

Compliance With the Standard for the Fair and Equitable Treatment of Taxpayers Could Be Improved
2025-300-032

Further Improvements Are Needed to Strengthen the Controls for Issuing Employer Identification Numbers
2025-400-036

Improvements Are Needed to Accurately Track and Safeguard Seized Digital Assets
2025-IE-R018

Criminal Investigation's Body-Worn Camera Program Needs Improvement
2025-IE-R023

Inspection of Select IRS Operations in Puerto Rico
2025-IE-R022

Snapshot Report: IRS Workforce Reductions as of May 2025
2025-IE-R027

Actions Need to Be Taken to Address Taxpayer Assistance Center Safety and Security Weaknesses
2025-IE-R021

August 2025

Progress of Information Technology Modernization Efforts for Calendar Year 2024
2025-2S8-041

Telephone Level of Service and Average Wait Times Do Not Fully Reflect the Taxpayer Experience
2025-100-040

Fiscal Year 2025 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Collection Due Process Procedures
2025-300-034

Most Employers Paid Their Deferred Social Security Taxes But Some Penalties Were Incorrect
2025-406-049

Snapshot: The IRS's Inflation Reduction Act Spending Through March 31, 2025
2025-IE-R026

Lack of Contract Oversight Led to Inoperable Kiosks at Taxpayer Assistance Centers
2025-IE-R024

Inflation Reduction Act: IRS Spending on Technology Transformation Efforts
2025-IE-R029

Authenticating Callers' Identity on Business and Practitioner Telephone Lines Needs to Be Strengthened to Combat Fraud
2025-IE-R025

IRS Terminated Probationary Employees Without Following Internal Procedures and Considering Individual Performance
2025-IE-R028

September 2025

The Infrastructure Supporting the Big Data Analytics Platform Has Overdue and Unresolved System Vulnerabilities
2025-200-038

Fiscal Year 2025 Statutory Review of Compliance With Legal Guidelines When Issuing Levies
2025-300-042

The IRS's Cybersecurity Program Was Not Effective for Fiscal Year 2025
2025-200-037

Although Enterprise Case Management Modernization Has Begun, No Legacy Systems Have Been Decommissioned
2025-208-050

The IRS Made Some Progress Implementing Effective Protection for the Enterprise Linux Platform
2025-200-035

Fiscal Year 2025 Mandatory Review of Disclosure of Collection Activity With Respect to Joint Returns
2025-300-046

Despite Previous Recommendations, Contract Documentation Issues Persist
2025-108-052

Fiscal Year 2025 Statutory Review of Restrictions on Directly Contacting Represented Taxpayers
2025-300-047

Fiscal Year 2025 Mandatory Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property
2025-300-043

Fiscal Year 2025 Statutory Review of Collection Due Process - Independent Office of Appeals
2025-300-051

Fiscal Year 2025 Statutory Audit of Compliance With Legal Guidelines Restricting the Use of Records of Tax Enforcement Results
2025-300-044

Fiscal Year 2025 Statutory Review of Potential Fair Tax Collection Practices Violations
2025-300-045

Final Results of the 2025 Filing Season
2025-400-048

Funds Put to Better Use

April 1, 2025 – September 30, 2025

2025-208-050
\$39,058,495

2025-IE-R025
\$55,889,446

Questioned Costs

None.

Appendix V

Inspector General Peer Review Activity

This appendix implements § 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act.¹⁶

For the period April 1, 2025 – September 30, 2025:

Peer Reviews Conducted of TIGTA by Another Office of Inspector General

None.

Outstanding Recommendations From Peer Reviews of TIGTA

There are no outstanding recommendations from prior peer reviews of TIGTA.

Peer Reviews Conducted by TIGTA

None.

Outstanding Recommendations From Peer Reviews Conducted by TIGTA

There are no outstanding recommendations from peer reviews conducted by TIGTA.

Most Recent Peer Reviews Conducted of TIGTA

- The Department of Agriculture OIG completed a peer review of TIGTA's Office of Investigations on May 11, 2024.
- The Department of Veterans Affairs OIG completed a peer review of TIGTA's Office of Audit on September 18, 2024.
- The Department of Labor completed a peer review of TIGTA's office of Inspections and Evaluations on March 28, 2024.

¹⁶ Codified in 5 U.S.C. § 405(b) subsections (8)-(10).

Appendix VI

Data Tables Provided by the IRS

The memorandum copied below is TIGTA's transmittal to the IRS. Due to the government shutdown, the IRS was unable to provide this data. It will be updated when available.

IRS Memorandum

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

July 22, 2025

MEMORANDUM FOR BILLY LONG
COMMISSIONER OF INTERNAL REVENUE

FROM: Heather M. Hill *Heather Hill*
Acting Inspector General

SUBJECT: Input to the Treasury Inspector General for Tax Administration
Fiscal Year 2025 Fall *Semiannual Report to Congress*

My office is preparing our next *Semiannual Report to Congress* (SAR), which will summarize the audits, inspections, evaluations, and investigations of the Treasury Inspector General for Tax Administration (TIGTA) for the period April 1, 2025, through September 30, 2025.

To comply with 26 U.S.C. §§ 7803(d)(1)(E) and (d)(2)(A), the SAR must include the number of employee misconduct and taxpayer abuse allegations received by the Internal Revenue Service (IRS) for the current reporting period, along with the number of terminations and mitigations based on violations of § 1203 of the IRS Restructuring and Reform Act. To fulfill these reporting requirements, please provide the following data for the period April 1, 2025, through September 30, 2025:

- Report of Employee Misconduct by Disposition Groups
- Report of Employee Misconduct – National Summary
- Summary of Substantiated § 1203 Inquiries Recorded in the Automated Labor and Employee Relations Tracking System (ALERTS)

The IRS provided similar data on employee misconduct and substantiated § 1203 inquiries for TIGTA's SAR covering the 6-month period ending March 31, 2025. The data can be found in Appendix VI of TIGTA's [Semiannual Report to Congress, Spring 2025](#).

Please submit the requested information via email by October 3, 2025, to Becky D'Ambrosio at Rebecca.DAmbrosio@tigta.treas.gov.

If you have any questions or need additional information, please contact me at (202) 927-7084. Your staff are welcome to contact Becky at (202) 622-3603.



U.S. TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION
National Headquarters
901 D Street, SW, Suite 600 | Washington, D.C. 20024-2169

Report of Employee Misconduct by Disposition Groups

Due to the government shutdown, the IRS was unable to provide this data. It will be updated when available.

Disposition	Administrative Case	Employee Character Investigation	Employee Tax Compliance Case	TIGTA Report of Investigation	Totals
Alternative Discipline: In Lieu of Reprimand	-	-	-	-	-
Alternative Discipline: In Lieu of Suspension	-	-	-	-	-
Admonishment	-	-	-	-	-
Case Suspended Pending Employee Return to Duty	-	-	-	-	-
Clearance Letter	-	-	-	-	-
Closed- Supplemental Requested	-	-	-	-	-
Closed without Action Cautionary Letter	-	-	-	-	-
Closed without Action Letter	-	-	-	-	-
Forwarded to TIGTA	-	-	-	-	-
Indefinite Suspension	-	-	-	-	-
Oral Counseling	-	-	-	-	-
Probation/Separation	-	-	-	-	-
Prosecution Pending for TIGTA's Report of Investigation	-	-	-	-	-
Removal at Office of Personnel Management Direction	-	-	-	-	-
Removal (Probation Period Complete)	-	-	-	-	-
Reprimand	-	-	-	-	-
Resignation, Retirement, etc. (Reason Noted on SF50)	-	-	-	-	-
Resignation, Retirement, etc. (Reason Not Noted on SF50)	-	-	-	-	-
Separation of Temporary Employee	-	-	-	-	-
Suspension, 14 Days or Less	-	-	-	-	-
Suspension, More Than 14 Days	-	-	-	-	-
Termination For Abandonment of Position	-	-	-	-	-
Written Counseling	-	-	-	-	-
Totals	-	-	-	-	-

Report of Employee Misconduct National Summary

Due to the government shutdown, the IRS was unable to provide this data. It will be updated when available.

Inventory Case Type	Open Inventory	Conduct Cases Received	Cases Closed			Ending Inventory
			Conduct Issues	Cases Merged With Other Cases	Non-Conduct Issues	
Administrative Case	-	-	-	-	-	-
Employee Character Investigation	-	-	-	-	-	-
Employee Tax Compliance Case	-	-	-	-	-	-
TIGTA Report of Investigation	-	-	-	-	-	-
Totals	-	-	-	-	-	-

Administrative Case—Any matter involving an employee in which management conducted an inquiry into alleged misconduct.

Background Investigations—Any matter involving a National Background Investigation Center investigation into an employee's background that is referred to management for appropriate action.

Employee Tax Compliance Case—Any conduct matter identified by the Employee Tax Compliance program and becomes a matter of official interest.

TIGTA Investigation—Any matter involving an employee in which TIGTA investigated alleged misconduct and referred a Report of Investigation to the IRS for appropriate action.

Summary of Substantiated I.R.C. Section 1203 Inquiries Recorded in ALERTS

Due to the government shutdown, the IRS was unable to provide this data. It will be updated when available.

§ 1203 Violation	Removals	Resigned/ Retired	Probation Separation	Removed on Other Grounds	Penalty Mitigated	In Personnel Process	Total
1203(b)(2): False Statement Under Oath	-	-	-	-	-	-	-
1203(b)(3): Civil Rights/ Constructive Violation	-	-	-	-	-	-	-
1203(b)(8): Willful Untimely Return	-	-	-	-	-	-	-
1203(b)(9): Willfull Understated Tax	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-

Cases reported as “Removals” and “Penalty Mitigated” do not reflect the results of any third-party appeal.

Appendix VII

Section 1203 Standards

In general, the IRS Commissioner shall terminate any IRS employee if there is a final administrative or judicial determination that, in the performance of official duties, such employee committed any misconduct violations outlined below. Such termination shall be a removal for cause on charges of misconduct.

Misconduct violations include:

- Willfully failing to obtain the required approval signatures on documents authorizing the seizure of a taxpayer's home, personal belongings, or business assets;
- Providing a false statement under oath with respect to a material matter involving a taxpayer or taxpayer representative;
- Violating, with respect to a taxpayer, taxpayer representative, or other employee of the IRS, any right under the Constitution of the United States, or any civil right established under Title VI or VII of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; Age Discrimination in Employment Act of 1967; Age Discrimination Act of 1975; Section 501 or 504 of the Rehabilitation Act of 1973; or Title I of the Americans With Disabilities Act of 1990;
- Falsifying or destroying documents to conceal mistakes made by any employee with respect to a matter involving a taxpayer or taxpayer representative;
- Committing assault or battery on a taxpayer, taxpayer representative, or another employee of the IRS, but only if there is a criminal conviction or a final judgment by a court in a civil case with respect to the assault or battery;
- Violating the I.R.C., the Treasury Department regulations, or policies of the IRS (including the

IRM) for the purpose of retaliating against or harassing a taxpayer, taxpayer representative, or other employee of the IRS;

- Willfully misusing provisions of I.R.C. § 6103 for the purpose of concealing information from a congressional inquiry;
- Willfully failing to file any return of tax required under the I.R.C. on or before the date prescribed therefore (including any extensions), unless such failure is due to reasonable cause and not to willful neglect;
- Willfully understating federal tax liability, unless such understatement is due to reasonable cause and not to willful neglect; and
- Threatening to audit a taxpayer for the purpose of extracting personal gain or benefit.

The IRS Commissioner may mitigate the penalty of removal for the misconduct violations outlined above. The exercise of this authority shall be at the sole discretion of the Commissioner and may not be delegated to any other officer. The Commissioner may establish a procedure that will be used to decide whether an individual should be referred to the Commissioner for determination. Any mitigation determination by the Commissioner in these matters may not be appealed in any administrative or judicial proceeding.

Reporting Requirements

The table below cross-references the reporting requirements prescribed by the Inspector General Act, as amended, to the specific pages where they are addressed. The information required by the National Defense Authorization Act for Fiscal Year 2008 and the Federal Acquisition Streamlining Act of 1994, as amended, are also cross-referenced to the appropriate pages of the report.

Section	Requirement	Page
405(b)(1)	Significant Problems, Abuses and Deficiencies	Throughout the report.
405(b)(2)	Unimplemented Prior Period Recommendations	25-29
405(b)(3)	Significant Investigations Closed	iii, 21
405(b)(4)	Total Convictions Number	22
405(b)(5)	Report Listing with Dollar Values	37-39
405(b)(6)	Management Decisions Made on Prior Period Recommendations	31
405(b)(8)-(10)	Peer Review Information and Results	40
405(b)(11)	Investigative Statistical Tables	21-23
405(b)(12)	Investigative Table Metrics	16
405(b)(13)	Investigations of Senior Employees with Substantiated Misconduct	24
405(b)(14)	Whistleblower Retaliation	23
405(b)(15)	Agency Interference with OIG Independence	23, 31
405(b)(16)(A)	Non-public Audit, Evaluation or Inspection Reports	31
405(b)(16)(B)	Non-public Investigations of Senior Government Employees	24

Glossary

ALERTS	Automated Labor and Employee Relations Tracking System	ITIN	Individual Taxpayer Identification Number
AOTC	American Opportunity Tax Credit	ITP	Illegal Tax Protester
ECM	Enterprise Case Management	NFTL	Notice of Federal Tax Lien
EIDL	Economic Injury Disaster Loan	PIIA	Payment Integrity Information Act
EIN	Employer Identification Number	PPP	Paycheck Protection Program
FAFSA	Free Application for Federal Student Aid	RRA 98	IRS Restructuring and Reform Act of 1998
FY	Fiscal Year	TAC	Taxpayer Assistance Center
IMF	Individual Master File	TIGTA	Treasury Inspector General for Tax Administration
IRA	Inflation Reduction Act of 2022	U.S.C.	United States Code
I.R.C.	Internal Revenue Code		
IRS	Internal Revenue Service		



DEPARTMENT OF THE TREASURY

Office of the Inspector General for Tax Administration
901 D Street, SW, Suite 600 • Washington, DC 20024

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