



Fiscal Year 2027

Budget in Brief

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Program Summary by Budget Activity

Dollars in Thousands

Appropriated Resources	FY 2025 Operating Plan ¹		FY 2026 Enacted		FY 2027 Request		FY 2026–2027 % Change	
New Appropriated Resources	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Taxpayer Services	23,001	\$2,780,606	23,227	\$3,036,606	24,299	\$3,130,969	5%	3%
Pre-filing Taxpayer Assistance and Education	4,582	778,608	4,078	782,013	4,078	782,013		
Filing and Account Services	18,419	2,001,998	19,149	2,254,593	20,221	2,348,956	6%	4%
Enforcement	32,350	\$5,437,622	27,522	\$4,999,000	22,728	\$4,102,376	-17%	-18%
Investigations	2,968	758,132	3,146	809,106	2,678	676,237	-15%	-16%
Exam and Collections	28,475	4,505,595	23,548	4,033,962	19,397	3,299,780	-18%	-18%
Regulatory	907	173,895	828	155,932	653	126,359	-21%	-19%
Technology and Operations Support	10,371	\$4,100,826	9,131	\$3,159,759	9,110	\$2,598,023	0%	-18%
Infrastructure		916,955		892,795		331,059		-63%
Shared Services and Support	4,176	1,149,693	4,353	1,143,908	4,332	1,143,908	0%	
Information Services	6,195	2,034,178	4,778	1,123,056	4,778	1,123,056		
Subtotal New Appropriated Resources	65,722	\$12,319,054	59,880	\$11,195,365	56,137	\$9,831,368	-6%	-12%
Other Resources								
Reimbursables	641	117,029	888	162,000	932	170,100	5%	5%
Offsetting Collections (Non-reimbursable)		39,874		50,152		52,659		5%
User Fees ²	72	2,900			8,388	1,256,400		
Recoveries from Prior Years ³		13,405		16,620		16,620		
Unobligated Balances from Prior Years ⁴	2,285	514,850	1,265	631,000	700	70,000	-45%	-89%
IRA Funding Usage ⁵	24,220	6,735,757	7,596	4,507,900	1,674	4,246,817	-78%	-6%
Operational	23,137	4,569,516	7,086	2,293,900	1,164	2,093,817	-84%	-9%
Modernization	1,083	2,166,241	510	2,214,000	510	2,153,000	0%	-3%
Transfers In/Out		51		83		83		
Resources from Other Accounts ⁶	1,155	271,916	1,200	272,000	1,200	275,000		1%
Subtotal Other Resources	28,373	\$7,695,782	10,949	\$5,639,755	12,894	\$6,087,679	18%	8%
Total Budgetary Resources	94,095	\$20,014,836	70,829	\$16,835,120	69,031	\$15,919,047	-3%	-5%

¹ FY 2025 represents the Operating Plan level before the Inter-Appropriations Transfer (IAT) of up to \$272 million from Enforcement to Taxpayer Services. Other Resources and Full-time Equivalents (FTE) reflect actuals.

² FY 2027 User Fees will be allocated as follows: \$1B to Enforcement and \$256M to Taxpayer Services.

³ These amounts are adjusted to exclude IRA recoveries.

⁴ Unobligated balances from prior years includes unexpired amounts that remain available for obligation in the year shown (FY 2026 actual of \$631 million and FY 2027 estimate of \$70 million).

⁵ Reflects the rescissions to enforcement including \$1.4 billion from the Fiscal Responsibility Act of 2023 (P.L. 118-5), \$20.2 billion from the Further Consolidated Appropriations Act, 2024 (P.L. 118-47), \$20.2 billion from the Full-Year Continuing Appropriations and Extensions Act, 2025 (P.L. 119-4), and \$11.661 billion from the Consolidated Appropriations Act, 2026 (P.L. 119-75). In addition, this includes the proposed budget cancellation of \$371 million of unobligated balances from Energy Security appropriated by P.L. 117-169.

⁶ Resources from Other Accounts reflect planned spending from Private Collection Agency retained earnings.

Summary

The FY 2027 Budget requests \$9.8 billion from Congress, a decrease in funding of \$1.4 billion or 12.2 percent from the FY 2026 Enacted level of \$11.2 billion. When including other resources, the total request of \$15.9 billion represents a change of -2.5 percent from FY 2026.

The FY 2027 Congressional Justification represents a comprehensive assessment of the IRS's financial condition and underscores its stewardship of public resources in service of the American people. Central to the Administration's economic agenda is the implementation of the One Big Beautiful Bill Act (OB3) and Working Families Tax Cuts, which deliver historic tax relief measures such as No Tax on Tips, No Tax on Overtime, and expanded deductions for seniors and families. Throughout FY 2025, IRS employees focused on ensuring these benefits were delivered accurately, efficiently, and on time. To support this mission, the IRS aligned its efforts around three strategic priorities: data-driven enforcement, a simplified digital-first taxpayer experience, and a renewed commitment to taxpayer privacy.

Through modernized systems and advanced analytics, including artificial intelligence, the IRS strengthened its ability to identify fraud, reduce non-compliance, and protect taxpayers from identity theft, allowing enforcement staff to focus on higher-value work. At the same time, the IRS significantly improved taxpayer service by expanding online account capabilities and enhancing guidance and resources, while maintaining strong phone and in-person support. These efforts contributed to exceptional operational results in FY 2025, including the collection of more than \$5.3 trillion in revenue, the processing of over 271 million returns and forms, and the issuance of approximately 113 million refunds totaling nearly \$358 billion. Service improvements culminated in the most successful filing season in years, with telephone assistors answering 87 percent of calls and an average wait time of just three minutes.

These achievements were realized through smarter spending and operational discipline. An all-inclusive review of the IRS technology portfolio eliminated roughly \$2 billion in planned, mostly one-time, IT spending, reduced inefficiencies tied to outdated paper processes, and redirected resources toward modernization. The IRS also maintained strong financial accountability, earning an unmodified audit opinion for the 26th consecutive year and demonstrating reliable internal controls over financial reporting. As the IRS continues its transformation, it remains focused on advancing technology, strengthening its workforce, and fostering a culture of efficiency, integrity, and accountability—laying the foundation for a modern IRS that Americans can trust to fulfill its mission. IRS is also modernizing how we measure customer service by sunseting our legacy Customer Service Representative Level of Service measure and replacing it with new enterprise metrics to reflect new technologies and service channels.

IRS Appropriations and Activities

Taxpayer Services

- **Pre-Filing Taxpayer Assistance and Education** funds expenses to assist with tax form preparation, including tax law interpretation, publication, production, and advocate services.
- **Filing and Account Services** funds programs that provide filing and account services to taxpayers, process paper and electronically submitted tax returns, issue refunds, and maintain taxpayer accounts.

Enforcement

- **Investigations** funds the Criminal Investigative (IRS-CI) programs that investigate potential criminal and civil violations of tax laws, enforce criminal statutes relating to violations of tax laws and other financial crimes, and recommend prosecution as warranted.
- **Examinations and Collections** funds programs that enforce the tax laws and increase compliance through Examination and Collection programs, which ensure proper payment and tax reporting.
- **Regulatory** funds the development of published IRS guidance materials; interpretation of tax laws; internal advice to IRS on general non-tax legal issues; enforcement of regulatory rules, laws, and approved business practices; and support for taxpayers in the areas of pre-filing agreements, determination letters, and advance pricing agreements.

Technology and Operations Support

- **Infrastructure** funds administrative services related to space and housing, rent and space alterations, building services, maintenance, guard services, security countermeasures and non-IT equipment.
- **Shared Services and Support** funds policy management, administration, IRS-wide research support; strategic planning; communications and liaison; protection of sensitive information and the privacy of taxpayers and employees; finance, human resources, printing and postage; business systems planning; and procurement.
- **Information Services** funds staffing, equipment, and related costs to manage, develop, modernize, enhance, maintain, and operate the information systems supporting IRS critical business operations and tax administration programs.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2026 Enacted	59,880	\$11,195,365
Changes to Base:		
FY 2027 Maintaining Current Levels (MCLs):		\$22,969
Pay Annualization (1.0% average pay raise)		\$22,969
Subtotal Changes to Base		\$22,969
FY 2027 Current Services	59,880	\$11,218,334
Program Changes:		
Program Increases	1,132	\$94,363
Maintain Customer Service	1,132	\$94,363
Program Decreases	(4,875)	(\$1,481,329)
Reduction to Offset Unfunded FY 2026 MCLs	(161)	(\$22,969)
Staff Reductions	(4,714)	(\$777,841)
Non-Labor Reductions		(\$680,519)
Subtotal FY 2027 Program Changes	(3,743)	(\$1,386,966)
FY 2027 President's Budget Request	56,137	\$9,831,368

Budget Adjustments

Maintaining Current Levels	+\$22,969,000 / 0 FTE
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Pay Annualization (1.0% in 2026)	+\$22,969,000 / 0 FTE
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- Per guidance issued by the Office of Management and Budget, funds are requested for annualization of the January 2026 1% average pay raise.

Program Increase	+\$94,363,000/ +1,132 FTE
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Maintain Customer Service	+\$94,363,000 / +1,132 FTE
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- This investment will provide funding to meet OB3-related phone and online demands, to implement OB3-related outreach activities that inform taxpayers about new legislative initiatives and provide support to taxpayers and tax practitioners on multiple platforms that encourage voluntary tax compliance.
- Implementing the OB3 is a coordinated and involved effort to turn new law into stellar services for taxpayers and tax practitioners. OB3 implementation updates involve careful planning, clear communication, and strong coordination across IRS Business Units to ensure the IRS is responsive to taxpayers' needs while improving the taxpayer experience.

- The IRS toll-free telephone customer service operation is one of the world's largest service providers and is a key part of the IRS's service delivery. Taxpayer experience research continues to indicate phone service as a preferred service channel. If the IRS does not receive full funding, taxpayers will experience longer telephone wait times, delayed responses on the IRS's online service portals and to correspondences. Historically, when taxpayers are unable to access streamlined and efficient service channels, telephone and online communication demands shift to higher cost service channel options such as paper correspondence. Taxpayers' use of less efficient service channels will negatively impact taxpayers' ability to remain tax compliant.

Program Decrease

-\$1,481,329,000 / -4,875 FTE

Reduction to Offset Unfunded FY 2026 MCLs

-\$22,969,000 / -161 FTE

- The IRS will reduce staffing to offset the unfunded FY 2027 annualization cost of the FY 2026 1.0% pay raise.

Staff Reductions

-\$777,841,000 / -4,714 FTE

- IRS is in the process of conducting workforce restructuring efforts that will result in fewer staff by the end of FY 2027. This effort will yield significant savings to the taxpayer, once fully implemented.

Non-Labor Reductions

-\$680,519,000 / 0 FTE

- IRS is in the process of conducting workforce restructuring efforts that will result in reduced non-labor spending by the end of FY 2027.

Performance Highlights

Budget Activity	Performance Measure	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Target	FY 2027 Target
Taxpayer Services	Enterprise Self-Assistance Participation Rate	94.2%	95.8%	96.6%	96.4%	96.3%
Taxpayer Services	Assistor Service Rate ¹	N/A	N/A	N/A	B	TBD
Taxpayer Services	Enterprise Service Completion Rate ¹	N/A	N/A	N/A	B	TBD
Taxpayer Services	Customer Accuracy - Tax Law (Phones)	91.4%	90.4%	86.3%	87.0%	89.0%
Enforcement	Collection Coverage	34.9%	39.1%	38.8%	31.0%	28.4%
Enforcement	Exam Starts – High Income Individuals ²	4,326	4,052	3,692	2,264	2,486
Enforcement	Exam Starts – Partnerships ³	6,709	2,285	1,589	2,932	2,248
Enforcement	Exam Starts – Large Corporations (Assets>=\$250M) ⁴	1,400	1,263	1,483	1,614	1,593
Enforcement	Criminal Investigations Completed ⁵	2,584	2,481	2,850	2,600	2,600
Enforcement	Conviction Rate	88.4%	90.0%	89.0%	92.0%	92.0%
Technology and Operations Support	Percent of Aged Hardware ⁶	19.9%	17.6%	13.1%	20.0%	20.0%

Key: B – Baseline; I – Indicator; TBD – To Be Determined; N/A Not Applicable

¹ New FY 2026. Baseline in FY 2026 and report as a measure with a target starting FY 2027.

² Audits of high-income individuals may take a revenue agent upwards of 250 hours to complete.

³ Due to the timing of hiring and the start date of the lengthy training cycle, the impact of hiring on performance is not immediate.

⁴ The impact of hiring on performance is not immediate due to required training for new Revenue Agents and the average case cycle time of about 36 months for these large corporations.

⁵ The impact of hiring on performance is not immediate due to required academy, on-the-job training (6+ months), and the average time it takes to complete an investigation (400-500 days).

⁶ Target based on industry standard.

Description of Performance

The IRS remains committed to maintaining current levels of performance and service delivery while managing all resources responsibly. To support continued success, the IRS is making targeted investments to build organizational capacity, including modernizing systems and processes and strengthening the tools and infrastructure needed to operate effectively in an evolving environment. These efforts position the agency for greater resilience and sustained effectiveness.

In FY 2025, the IRS advanced its mission across Taxpayer Services, Enforcement, and Technology and Operations Support while operating under resource constraints and continuing modernization. Performance reflects strong digital adoption, efficient compliance activity, and measurable operational efficiencies. FY 2026 baselines and FY 2027 targets emphasize enterprise-wide service metrics and a more risk-based enforcement strategy. Beginning in FY 2026, the IRS will introduce two new enterprise service measures, Assistor Service Rate and Enterprise Service Completion Rate, to better capture performance across live and automated service channels and more accurately capture how the IRS serves taxpayers today. Both measures will establish baseline results in FY 2026, with performance targets beginning in FY 2027.

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