U.S. GOVERNMENT ACCOUNTABILITY OFFICE

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July 23, 2026 Accessible Version

The Honorable Mike Crapo
Chairman
The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Jason Smith
Chairman
The Honorable Richard E. Neal
Ranking Member
Committee on Ways and Means
House of Representatives

2026 Filing Season: Preliminary Observations on IRS Performance

The Internal Revenue Service (IRS) faced significant challenges entering the 2026 filing season, such as losing thousands of filing season staff in fiscal year 2025 and implementing tax law changes and the March 2025 executive order that directed IRS to stop disbursing paper checks for refunds and other disbursements.[1] You asked us to provide preliminary observations and data on IRS's 2026 filing season performance. This report describes IRS's performance during the 2026 filing season compared to prior years related to (1) processing tax returns and issuing refunds; and (2) providing customer service.

To address our objectives, we examined IRS's goals and performance data on processing individual and business returns and providing customer service (via online, telephone, correspondence, and in person) during the 2026 filing season, which occurred from January 26, 2026, to April 15, 2026. We compared these data to performance data for the 2021 to 2025 filing seasons and determined reasons for any differences. To assess the reliability of IRS's performance data, we reviewed IRS data and documentation for limitations and interviewed knowledgeable IRS officials. We determined that these data were sufficiently reliable for the purposes of our reporting objectives. We also interviewed IRS officials for contextual factors related to IRS's performance.

We conducted this performance audit from March 2026 to July 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our

[1]See Pub. L. No. 119-21, 139 Stat. 72 (2025); Exec. Order 14247, *Modernizing Payments to and From America's Bank Account*, 90 Fed. Reg. 14001 (Mar. 28, 2025). This executive order also directed agencies, including IRS, to electronically process all payments made to the federal government, as soon as practicable. We previously reported that IRS officials told us implementing this executive order is a multi-year effort and that IRS would not refuse paper checks from taxpayers in 2026. See GAO, *2025 Tax Filing: Management of Agency Reforms and Workforce Planning Needed to Address Severe Risks to Future IRS Operations*, GAO-26-108116 (Washington, D.C.: Mar. 16, 2026).

findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Taxpayers Experienced Delays with IRS's Processing of Paper Returns and Paper Check Refunds

Overall Processing Performance Was Similar to Last Year, but Paper Return Delays Worsened

IRS processed about 98 percent of the 177 million individual and business returns that it received during the 2026 filing season—the same percentage as last year. Most of the processed returns had been filed electronically (e-filed); taxpayers e-filed 95 percent (168 million) of returns in 2026.[2] IRS also received and processed fewer paper returns during the 2026 filing season compared to last year. Specifically, the number of individual and business paper returns that IRS received (8.9 million) decreased by 19 percent from the 2025 filing season (11 million). Over the same period, IRS staff processed 46 percent fewer individual paper returns and 80 percent fewer business paper returns. See enclosure I for additional return processing performance data.

According to IRS officials, fewer paper returns were processed because they were delayed for two main reasons:

- **Unavailable systems.** To process paper returns, IRS uses two systems to either manually transcribe or digitally scan returns to convert the information into an electronically readable format. IRS's individual paper processing system was unable to process tax year 2025 returns for the first 6 weeks of 2026, and its scanning system for business paper returns was unable to process tax year 2025 returns for the entire 2026 filing season, according to IRS officials. They told us that these systems were not ready for the filing season start due to the recent loss of experienced IT acquisition staff, which delayed the timely submission of procurement requirements needed to implement programming updates for the new tax law changes and transition to disbursing refunds only through digital payment options (e.g., direct deposit). IRS documentation also showed that IRS programmed its individual processing system in January 2026 to be able to process tax year 2025 business returns. However, IRS officials told us that it took longer to process business returns with this system compared to the scanning system.

  To mitigate the effects of these systems being unavailable for tax year 2025 returns, IRS sent more inventory than planned to the outside vendors that it uses to scan paper returns as part of IRS's long-term digitalization strategy. With IRS's capacity to process business returns limited for the entire 2026 filing season, IRS officials said that they asked vendors to prioritize scanning business returns. IRS sent about 3.7 million business paper returns to outside vendors for scanning during the 2026 filing season—a 725 percent increase from the 443,000 business paper returns that IRS sent last year. By the end of the 2026 filing season, vendors had scanned nearly all the business paper returns they received and over 4 times the amount that IRS staff processed (860,000).[3]

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[2]IRS data show that about 98 percent of individual returns and 84 percent of business returns were e-filed. IRS included 751,000 scanned paper returns in the count of e-filed individual returns that it reported publicly. To better reflect taxpayer filing behavior, we included these scanned paper returns in the count of individual paper returns.

[3]When IRS receives paper returns, it reviews, prepares, and transcribes the data into its processing systems. Outside vendors scan the returns using software that extracts the information and transmits it to IRS in the same format as an e-filed return. We previously reported that IRS concluded critical systems for processing and scanning paper tax

- **Reduced staffing.** Officials from IRS's Submission Processing (SP) unit, which is responsible for processing tax returns, told us in April 2026 that SP did not have enough staff to process returns timely. SP ended the 2026 filing season with 18 percent fewer staff (8,111) than it had at the end of the 2025 filing season (9,850). We previously reported that about 2,900 SP staff separated by the end of fiscal year 2025, most of whom left via deferred resignation or early retirement programs.[4] IRS officials told us that the Department of the Treasury approved SP to hire 1,600 employees for the 2026 filing season. They also said that the 2025 partial federal government shutdown resulted in job announcements and hiring events being delayed until December 2025.[5] As a result, by early April 2026, SP had hired 1,158 (72 percent) of its approved 1,600 staff target. SP officials told us they would continue to hire and onboard new staff into May 2026.

As a result of these challenges, IRS took longer to process paper returns. For individual income tax returns, as shown in figure 1, while the 30-day average processing time in 2026 was shorter than in the 2021 and 2022 filing seasons where IRS prioritized processing a backlog of returns caused by the COVID-19 pandemic, it exceeded IRS's policy to process individual paper returns within 13 working days.[6] In addition, IRS's processing time for business paper Form 941s (i.e., employer's quarterly federal tax return) increased to an average of 72 days in 2026 from 45 days in 2025 and 25 days in 2024. The 2026 average was well above IRS's policy of processing them within 32 days.[7]

documents would be unavailable at the start of the 2026 filing season and that IRS would rely on vendors to mitigate the issue. See GAO-26-108116.

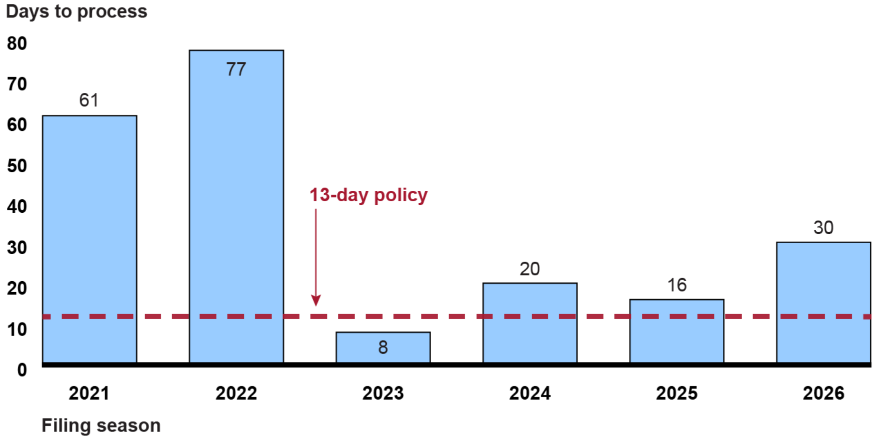
[4]GAO-26-108116.

[5]From October 1, 2025, to November 12, 2025, much of the federal workforce was furloughed because of a lapse in appropriations for fiscal year 2026. IRS remained at least partially operational throughout the shutdown.

[6]IRM § 3.30.123.6. The Internal Revenue Manual (IRM) is the source of instructions to IRS staff, and includes policies, delegated authorities, procedures, instructions, and guidelines related to the operation of IRS. A working day is a Monday through Friday that is not a holiday. IRM § 3.30.123.4.1(1).

[7]IRM § 3.30.123.7.4.2.

Figure 1: Average Number of Days to Process Paper Individual Income Tax Returns, Filing Seasons 2021–2026



Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Accessible Data for Figure 1: Average Number of Days to Process Paper Individual Income Tax Returns, Filing Seasons 2021–2026

Filing season	2021	2022	2023	2024	2025	2026
	61	77	8	20	16	30

Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Dotted red line = 13-day policy

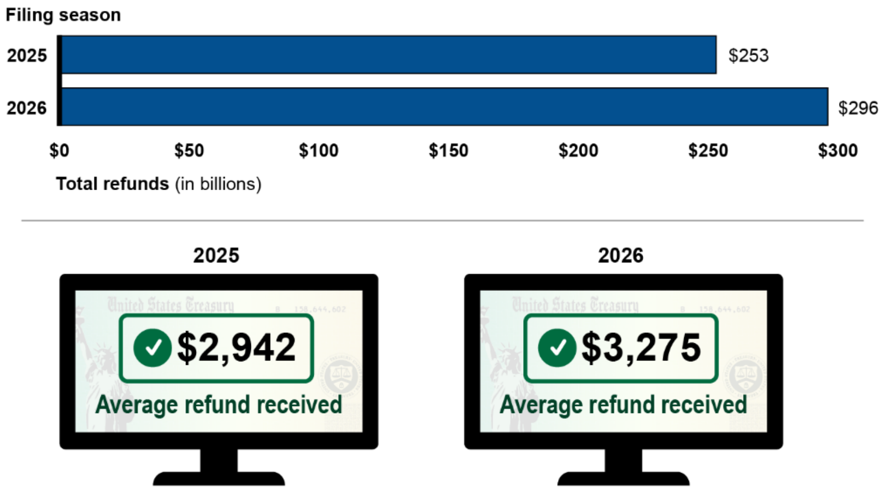
Note: The Internal Revenue Manual (IRM) states that Form 1040 paper returns (i.e., individual income tax returns) are to be processed within 13 working days (IRM § 3.30.123.6). A working day is a Monday through Friday that is not a holiday (IRM § 3.30.123.4.1(1)).

Average Refund Amount and Number of Refunds Increased, but Paper Check Refunds Were Delayed by Weeks

By the end of the 2026 filing season, IRS issued $296 billion in taxpayer refunds—an increase of $43 billion, or 17 percent, from 2025 (see fig. 2). The average tax refund that taxpayers received in 2026 increased by $333, or 11 percent, compared to the same period in 2025. IRS attributed these increases to millions of taxpayers claiming new deductions in 2026, such as the “no tax on tips” and “no tax on overtime” provisions.[8]

[8]See an act to provide for reconciliation pursuant to title II of H. Con. Res. 14, Pub. L. No. 119-21, §§ 70201, 70202, 139 Stat. 72 (2025). New deductions and credits include “no tax on tips” and “no tax on overtime” retroactive to tax years 2025 through 2028 that allows employees and self-employed individuals a deduction for qualified tips and overtime.

Figure 2: Total and Average Refunds That IRS Issued Individual Taxpayers, 2025 and 2026 Filing Seasons



Source: GAO analysis of Internal Revenue Service (IRS) data. I GAO-26-109074

Accessible Data for Figure 2: Total and Average Refunds That IRS Issued Individual Taxpayers, 2025 and 2026 Filing Seasons

Refunds	2025	2026	Percentage Change
Total (billions of $s)	$253	$296	17.0
	$2,942 Average refund received	$3,275 Average refund received	11.3

Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

IRS issued over 8 million more refunds in 2026 compared to 2025. For refunds by direct deposit, which is a faster and more secure way to receive a refund, nine out of 10 were issued in 21 days or less, as shown in figure 3. However, most paper check refunds were delayed by weeks as part of IRS's transition to disbursing refunds only through direct deposit.[9] IRS announced in January 2026 that taxpayers who did not provide direct deposit information could have their refund delayed. These taxpayers would receive a notice from IRS informing them that they had 30 days to provide a new or updated bank account number to receive their refund via direct deposit. Otherwise, IRS would issue them a paper check refund after 6 weeks.

[9]Internal Revenue Service, *Questions and Answers about Executive Order 14247: Modernizing Payments To and From America's Bank Account*, FS-2026-02 (Washington, D.C.: January 2026).

Figure 3: Volumes and Timeliness to Issue Refunds via Paper Check and Direct Deposit, as of Early April, 2024–2026

Type of refund issued	Filing season	Number of refunds issued (in thousands)	Average number of days to issuance	9 out of 10 refunds were issued in (days) or less
Paper check	2024	2,960	15	22
	2025	2,816	13	20
	2026	493	36	57
Direct deposit	2024	56,861	14	22
	2025	57,755	13	22
	2026	68,325	13	21

Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Accessible Data for Figure 3: Volumes and Timeliness to Issue Refunds via Paper Check and Direct Deposit, as of Early April, 2024–2026

Type of refund issued	Filing Season	Number of returns issued (in thousands)	Average number of days to issuance	9 out of 10 refunds were issued in (days) or less
Paper check	2024	2,960	15	22
Paper check	2025	2,816	13	20
Paper check	2026	492,536	36.2	57
Direct deposit	2024	56,861	14	22
Direct deposit	2025	57,755	13	22
Direct deposit	2026	68,325	13	21

Source: GAO analysis of Internal revenue Service (IRS) data. | GAO-26-109074

Note: Refund volumes and timeliness may differ across years for various reasons, including requirements for holding refunds until February 15 for returns claiming the Earned Income Tax Credit and the 2025 partial government shutdown.

IRS officials told us that they sent about 4.2 million of these notices to taxpayers as of early May 2026. As a result, IRS delayed millions of taxpayer refunds. By early April, the number of paper check refunds issued decreased by more than 80 percent (2,816,000 to 493,000), and IRS took on average about 3 times longer to issue them in 2026 (36 days) as it did in 2025 (13 days). We continue to monitor IRS's efforts to notify taxpayers and send paper refund checks and plan to report on these efforts in a subsequent product.

Taxpayers Shifted to Self-Service as IRS Reduced Access to Live Assistance

Taxpayers Sought More Online Assistance

Taxpayers increased their use of IRS's online self-service tools in 2026 compared to prior years. For example, IRS data show that through April 2026 there were about 155 million successful logins to individual online accounts in fiscal year 2026—the most in the past 6 years (see table 1). Online accounts allow taxpayers to submit some IRS forms and view their balance due. New features like refund status email notifications contributed to taxpayers' increased use of these online accounts in 2026, according to IRS. In addition, there were 346 million visits to IRS's "Where's My Refund?" tool during the 2026 filing season. This is a 9 percent increase from 2025 (317 million visits) and a 16 percent increase from 2024 (299 million visits).

Table 1: Number of Successful Logins to Individual Online and Business Tax Accounts on IRS.gov, Fiscal Years 2021–2026

In millions

Account Type	2021	2022	2023	2024	2025	2026[a]
Individual Online Account	50.5	79.1	64.4	86.2	144.2	154.6
Business Tax Account	-	-	-	1.3	2.7	1.8

Source: Internal Revenue Service (IRS) data. | GAO-26-109074

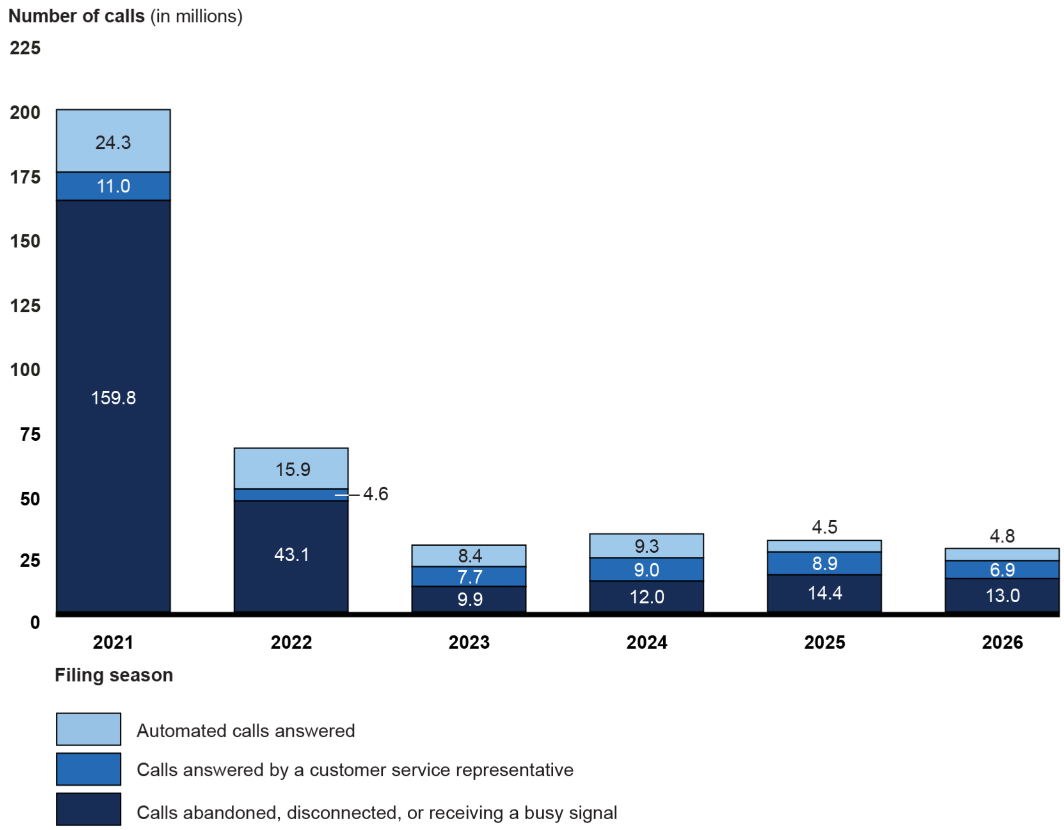
[a]Data are for the period October 1, 2025, to April 30, 2026.

Note: Business Tax Accounts launched in fiscal year 2024. IRS also offers online accounts for tax professionals called a Tax Pro Account, but those data are outside the scope of our report. IRS officials told us that data prior to fiscal year 2025 may undercount the number of successful sessions because IRS only tracked the first online account product that a taxpayer accessed upon authentication through ID.me. For example, a taxpayer who switched from an Individual Online Account to a Business Tax Account would only be counted as an Individual Online Account session. However, these potential undercounts do not affect the observed trend that taxpayers' use of IRS's online accounts has increased in recent years.

IRS Received Fewer Calls and Shifted Resources from Phones to Correspondence

Fewer calls received. While IRS saw an increased use of its online tools, IRS received fewer taxpayer phone calls during the 2026 filing season (24.7 million) than it did in recent years. For example, IRS received 3.1 million (11 percent) fewer calls than it did in the 2025 filing season (see fig. 4). IRS officials said they expected more calls this year because of recent tax law changes but that enhanced online tools and efforts to reduce the correspondence backlog may have led to reduced call volumes.

Figure 4: IRS Telephone Call Volume, 2021–2026 Filing Seasons



Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Accessible Data for Figure 4: IRS Telephone Call Volume, 2021–2026 Filing Seasons

Filing Season	2021 (in millions)	2022 (in millions)	2023 (in millions)	2024 (in millions)	2025 (in millions)	2026 (in millions)
Automated calls answered	24.3	15.9	8.4	9.3	4.5	4.8
Calls answered by a customer service representative	11.0	4.6	7.7	9.0	8.9	5.7
Calls abandoned, disconnected, or receiving a busy signal	159.8	43.1	9.9	12.0	14.4	6.0

Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Note: Telephone call data for the filing season are cumulative from January 1 of each year to May 17, 2021; April 23, 2022; April 22, 2023; April 20, 2024; April 19, 2025; and April 18, 2026. The large volume of calls received during the 2021 and 2022 filing seasons was due to the ongoing effects of the COVID-19 pandemic, including taxpayer questions about economic impact payments and delayed refunds. IRS officials told us that the number of calls answered by automation before 2025 is not comparable to the number in later filing seasons because IRS transitioned to a new automated phone system that counts calls answered by automation differently.

More automated responses. Of the 11.7 million calls that IRS answered during the 2026 filing season, 41 percent (4.8 million) were answered by automation (e.g., voice bots), an increase from the 2025 filing season (34 percent).[10]

Lower percentage of calls answered and higher wait times. Each year, IRS sets a goal for customer service representatives (CSR) to answer a certain percentage of all phone calls from taxpayers seeking live assistance. IRS previously referred to its performance of this goal as the "level of service," but replaced this measure with the Assistor Service Rate (ASR) in advance of the 2026 filing season. Unlike level of service, ASR includes IRS's new live chat feature, through which taxpayers can receive real-time, text-based assistance from a CSR.[11] See enclosure I for details on IRS's goals and performance for answering calls from taxpayers seeking live assistance in 2026 and prior years.

IRS reported a 73 percent ASR during the 2026 filing season, which exceeded its 70 percent goal but was lower than its 87 percent level of service in 2025. IRS officials said they reduced their ASR goal from last year's 85 percent level of service goal to better balance CSR workload between answering calls and responding to taxpayer correspondence. They also said that the lower ASR performance and fewer CSRs on phones led the average call wait time to more than double from 3 minutes to 8 minutes between the 2025 and 2026 filing seasons (see fig. 5).[12]

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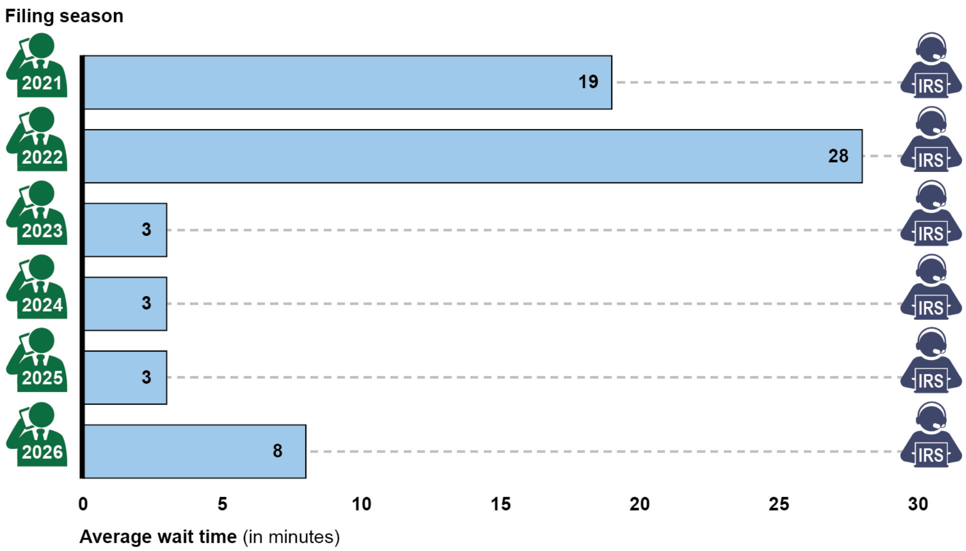
[10]Voice bots can help taxpayers learn the status of their return and make an appointment at a Taxpayer Assistance Center, among other things. A smaller share of automated calls is answered by what IRS calls "informational messages" that provide taxpayers with information such as wait time and online services. Voice bots comprised 98 percent of automated calls in the 2026 filing season.

[11]IRS data show that IRS completed over 12,000 live chat sessions during the 2026 filing season. IRS officials said that the Accounts Management unit launched live chat in December 2025 to assist taxpayers living outside the U.S. with specific issues (e.g., checking the status of an amended return or requesting tax transcripts). They said that they plan to expand live chat in future filing seasons. IRS's level of service calculation generally divides the number of taxpayers who reach a CSR by the number of calls the IRS system routes to them. ASR is generally similar, with the inclusion of the number of taxpayers who reach a CSR through the live chat feature. Because the volume of taxpayers using live chat in 2026 was low, for the purposes of this report, the ASR and level of service metrics are comparable.

[12]Average wait time is measured from the time a caller enters the queue of an IRS phone line to when a CSR answers the call, or the taxpayer or IRS disconnects the call.

Figure 5: Average Wait Time for IRS Accounts Management Phone Lines, Filing Seasons 2021–2026



Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Accessible Data for Figure 5: Average Wait Time for IRS Accounts Management Phone Lines, Filing Seasons 2021–2026

Filing season	2021	2022	2023	2024	2025	2026
	19	28	3	3	3	8

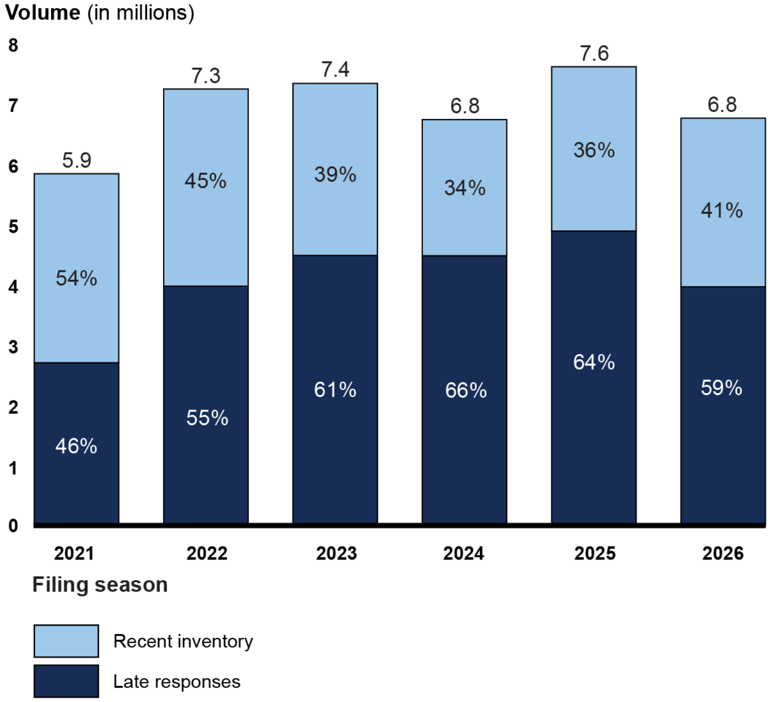
Source: GAO analysis of Internal revenue Service (IRS) data. | GAO-26-109074

Note: Telephone call data for the filing season are cumulative from January 1 of each year to May 17, 2021; April 23, 2022; April 22, 2023; April 20, 2024; April 19, 2025; and April 18, 2026, respectively.

More taxpayer correspondence answered. CSRs improved upon their performance answering taxpayer correspondence, but IRS's backlog of correspondence remains high. For example, IRS's correspondence inventory was 6.8 million at the end of the 2026 filing season, compared to 7.6 million at the end of the 2025 filing season—a decrease of 11 percent. The percentage of correspondence that IRS considers late, or what it refers to as "overage," also decreased to 59 percent from 64 percent over the same period (see fig. 6).[13] In addition, IRS received more correspondence during the 2026 filing season (7 million) than in the 2025 filing season (6.4 million). IRS officials said that answering a lower percentage of calls during the filing season allowed them to allocate more CSRs to answer correspondence and decrease the volume and age of the inventory.

[13]IRS's policy is to generally respond to correspondence within 30 days of receipt. IRS considers correspondence that is older than 45 days to be "overage," or late, with some exceptions. IRM § 3.30.123 and 21.3.3.

Figure 6: IRS Correspondence Inventory and Overage Rates (Late Responses), as of the End of Each Filing Season, 2021–2026



Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Accessible Data for Figure 6: IRS Correspondence Inventory and Overage Rates (Late Responses), as of the End of Each Filing Season, 2021–2026

IRS Filing Season	Counts	Recent inventory	Late
2021	5.9	54%	46%
2022	7.3	45%	55%
2023	7.4	39%	61%
2024	6.8	34%	66%
2025	7.6	36%	64%
2026	6.8	41%	59%

Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Note: IRS's policy is to generally respond to correspondence within 30 days of receipt, but it may take longer than that to respond to taxpayer correspondence depending on the type and complexity of the issue. IRS generally considers correspondence that is older than 45 days to be "overage." Data reflect individual and business-related correspondence in IRS's inventory as of the end of the filing seasons shown in the figure: May 22, 2021; April 23, 2022; April 22, 2023; April 20, 2024; April 19, 2025; and April 18, 2026. Inventory reflects all paper and digital correspondence IRS received but had not yet provided a response.

We previously recommended that IRS develop a comprehensive plan to reduce its correspondence backlog.[14] Without a plan, the agency risks continuing to struggle balancing

[14]GAO-26-108116.

phone service with reducing its correspondence inventory, negatively affecting taxpayer experience. We will continue to monitor IRS's efforts to reduce its correspondence backlog.

Fewer staff hired and trained. CSRs comprise most of the staff in IRS's Accounts Management (AM) unit, which ended the 2026 filing season with 16 percent fewer staff (19,437) compared to the same time in 2025 (23,174). We previously reported that most of the nearly 5,900 AM staff who separated at the end of fiscal year 2025 accepted offers of deferred resignation or early retirement.[15] IRS officials told us that Treasury approved AM to hire for the 2026 filing season 4 months later than it typically provides approval. As a result, by late March 2026, AM had hired 2,239 (64 percent) of its approved 3,500 staff target. IRS officials said that of the 2,239 staff hired, fewer than 25 percent (524) received full training to answer both phones and correspondence in time for the beginning of peak filing season in mid-February.

In addition, as of April 2026, IRS had 977 staff from other divisions, including IT (337) and the Human Capital Office (31), on 120-day details to AM to help with taxpayer correspondence. However, IRS officials told us that no detailed staff worked correspondence during the 2026 filing season because detailed staff would not complete training before May. With full AM training requiring about 16 weeks, this 120-day time frame would leave detailed staff with approximately 1 month to work in AM. As a result, IRS officials said that most detailed staff would have their details extended into October 2026. They also told us that staff could be extended another 120 days after that, depending on workload demands.[16]

IRS Struggled to Staff Most Taxpayer Assistance Centers

Throughout the year, taxpayers can receive in-person assistance at Taxpayer Assistance Centers (TAC) across the country. During the 2026 filing season, IRS served 626,000 taxpayers in person—a 16 percent decrease from 2025 (745,000).[17] IRS officials attributed the decline in taxpayer visits to fewer open TAC locations and less demand for in-person service. See enclosure I for additional information on IRS's in-person taxpayer visits in 2026 and prior years.

IRS also continued to struggle to staff TAC locations. For example, the number of fully staffed TACs decreased significantly compared to recent years (see table 2). The number of unstaffed or temporarily closed TACs also nearly doubled between the 2024 and 2026 filing seasons (18 to 32). In addition, IRS permanently closed 10 TACs last year. IRS officials told us they did not meet their hiring goals for TACs this year and are waiting for Treasury to approve hiring plans that could open some unstaffed TACs. We continue to monitor IRS's delivery of in-person services and plan to issue a separate report on these services later this calendar year.

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[15] GAO-26-108116.

[16] IRS officials told us that there were 920 detailed staff as of mid-May 2026. We continue to monitor IRS's staffing levels and strategic workforce planning efforts and plan to report on related findings in a subsequent product.

[17] We previously reported that IRS served 740,000 taxpayers in person during the 2025 filing season (see GAO-26-108116). In July 2026, IRS officials told us that they identified and corrected a data discrepancy that resulted in IRS undercounting the number of taxpayers served in person during the 2025 filing season. IRS officials said this correction did not affect the comparability of the data between years.

Table 2: Staffing and Service Status of IRS Taxpayer Assistance Centers (TAC) as of the End of the Filing Season, 2024–2026

TAC status	2024	2025	2026
Fully staffed	110	102	42
Understaffed but open	235	240	276
Unstaffed or temporarily closed[a]	18	21	35
Total[b]	**363**	**363**	**353**

Source: GAO Analysis of Internal Revenue Service (IRS) data. | GAO-26-109074
[a]IRS considers a TAC “temporarily closed” when it is closed to the public for 1 month or longer due to various circumstances like staff training or employee illness. IRS considers a TAC “unstaffed” when it has no permanent employees or no date to reopen.
[b]IRS permanently closed 10 TACs after the 2025 filing season.

Agency Comments

We provided a draft of this report to IRS for review and comment. IRS provided verbal and written technical comments, which we incorporated, as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 18 days from the report date. At that time, we will send copies to the appropriate congressional committees, the Secretary of the Treasury, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

If you or your staff have any questions concerning this report, please contact me at lucasjudyj@gao.gov. Contact points for our Offices of Congressional Relations and Media Relations may be found on the last page of this report. In addition, Erin Saunders Rath (Assistant Director), Ralanda Sasser (Analyst in Charge), Evan Ismail, Kirsten Lauber, and Alan Rozzi made key contributions to this report.

//SIGNED//

Jessica Lucas-Judy
Director, Tax Policy and Administration
Strategic Issues Team

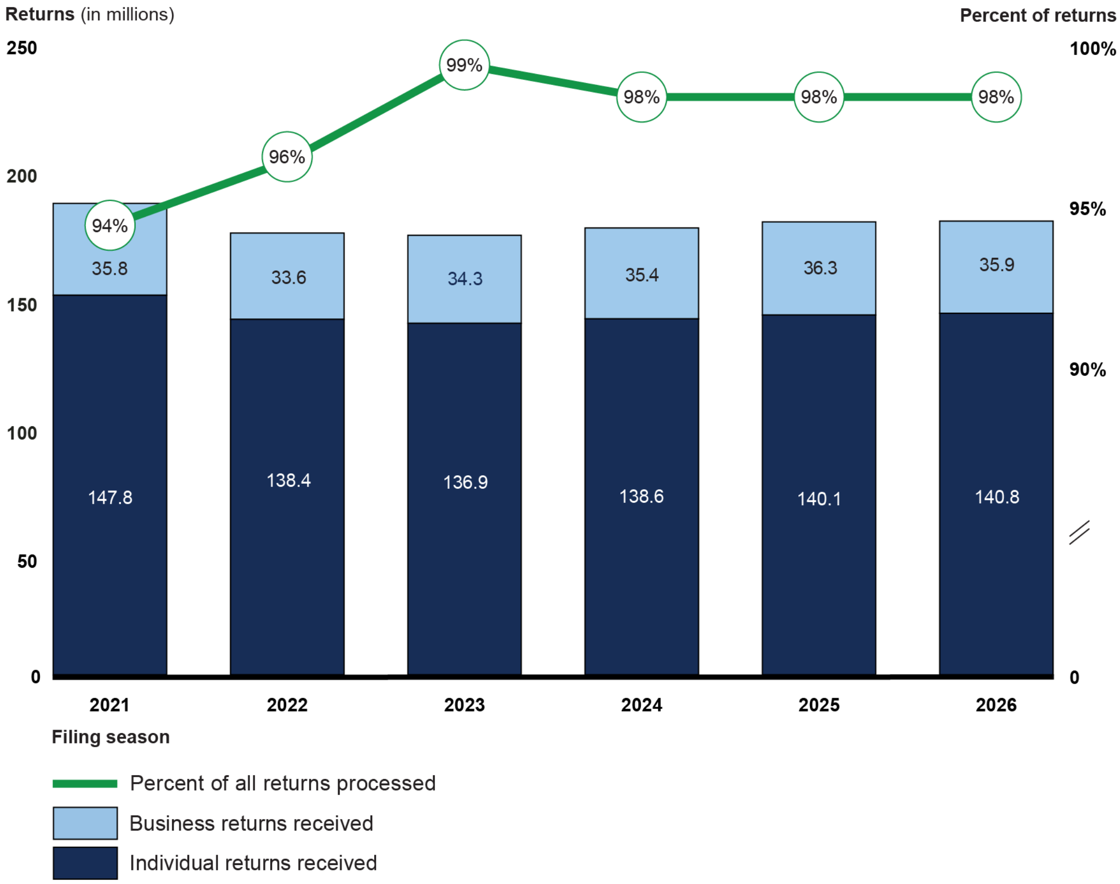
Enclosure - 1

Enclosure I: Selected Internal Revenue Service 2026 Filing Season Performance Indicators

Return Processing

The Internal Revenue Service (IRS) received about 177 million individual and business returns during the 2026 filing season, which was the most since 2021. Similar to recent years, IRS had processed approximately 98 percent of these returns by the end of the filing season (see fig. 7).

Figure 7: Individual and Business Tax Returns Received and Percentage Processed by IRS, Filing Seasons 2021–2026



Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Accessible Data for Figure 7: Individual and Business Tax Returns Received and Percentage Processed by IRS, Filing Seasons 2021–2026

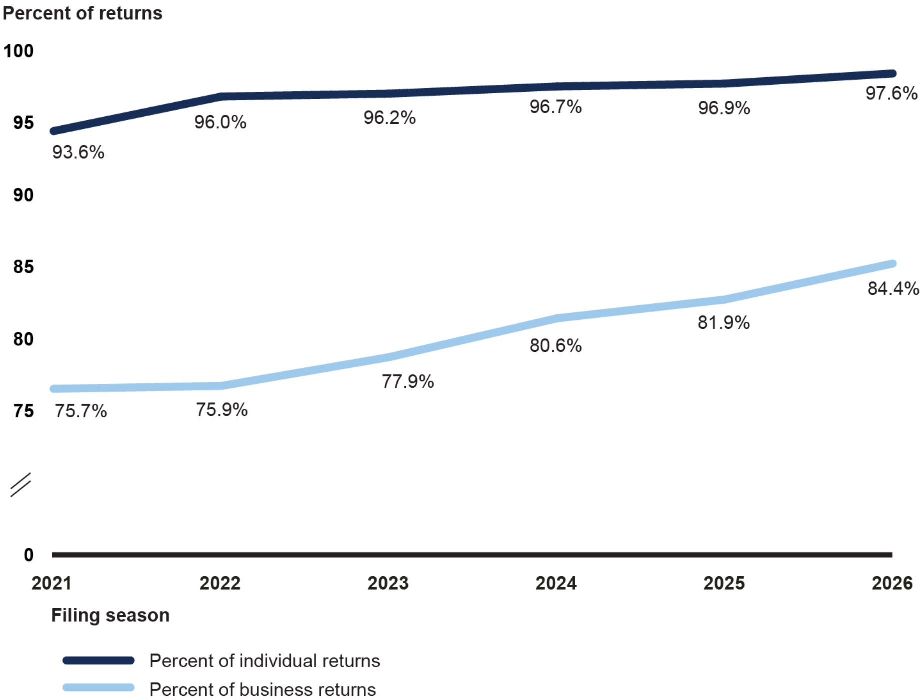
Returns (in millions)

Filing season	2021	2022	2023	2024	2025	2026
Percent of all returns processed	94	96	99	98	98	98
Business returns received	35.8	33.6	34.3	35.4	36.3	35.9
Individual returns received	147.8	138.4	136.873	138.619	140.1	140.8

Source: GAO Analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

The percentage of returns that taxpayers filed electronically (e-filed) continued to increase. Almost 98 percent of individual returns and over 84 percent of business returns were e-filed during the 2026 filing season (see fig. 8).

Figure 8: Percentage of Individual and Business Returns Filed Electronically to IRS, Filing Seasons 2021–2026



Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Accessible Data for Figure 8: Percentage of Individual and Business Returns Filed Electronically to IRS, Filing Seasons 2021–2026

Percent of Returns

Filing season	2021	2022	2023	2024	2025	2026
Percent of Individual returns	93.6	96	96.2	96.7	96.9	97.6
Percent of Business returns	75.7	75.9	77.9	80.6	81.9	84.4

Source: GAO analysis of Internal revenue Service (IRS) data. | GAO-26-109074

IRS received 8.9 million paper returns during the 2026 filing season—a decrease of 2 million, or 19 percent, compared to 2025 (see fig. 9). IRS officials told us that an unavailable processing system and reduced staffing led IRS to send more paper returns to outside vendors to assist with processing efforts. As a result, IRS staff's paper processing performance declined while vendors scanned about 800 percent more paper returns in 2026 (4.2 million) than in 2025 (466,000).

Figure 9: Paper Individual and Business Tax Returns Processed by IRS and Vendors, Filing Seasons 2025–2026

(In thousands)

Paper returns	2025	2026	Percent change
Received Individual Tax Returns			
Internal IRS Staff	4,378	2,604	-41%
Outside Vendor Scanning	25	751	2,933%
Total Individual Tax Returns	4,403	3,355	-24%
Business Tax Returns			
Internal IRS Staff	6,136	1,932	-69%
Outside Vendor Scanning	443	3,655	725%
Total Business Tax Returns	6,579	5,587	-15%
Total Paper Received	**10,982**	**8,942**	**-19%**
Processed Individual Tax Returns			
Internal IRS Staff	3,096	1,661	-46%
Outside Vendor Scanning	24	511	2,029%
Total Individual Tax Returns	3,121	2,172	-30%
Business Tax Returns			
Internal IRS Staff	4,191	858	-80%
Outside Vendor Scanning	442	3,650	726%
Total Business Tax Returns	4,633	4,508	-3%
Total Paper Processed	**7,754**	**6,680**	**-14%**

Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Accessible Data for Figure 9: Paper Individual and Business Tax Returns Processed by IRS and Vendors, Filing Seasons 2025–2026

(in thousands)

Paper returns	2025	2026	Percent change
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Total Business Tax Returns	6,579	5,587	-15
Total Paper Received	**10,982**	**8,942**	**-19**
Processed Individual Tax Returns			

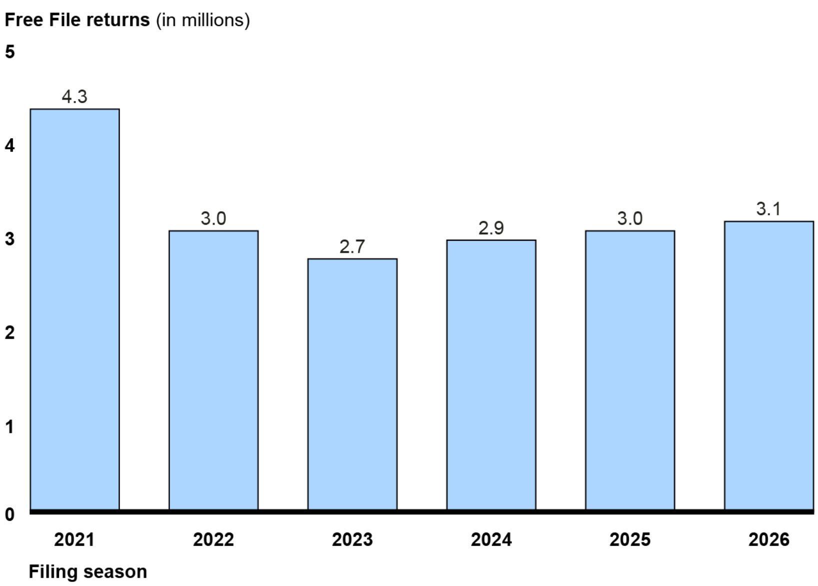
Internal IRS Staff	3,096	1,661	-46
Outside Vendor Scanning	24	511	2,029
Total Individual Tax Returns	3,121	2,172	-30
Business Tax Returns			
Internal IRS Staff	4,191	858	-80
Outside Vendor Scanning	442	3,650	726
Total Business Tax Returns	4,633	4,508	-3
Total Paper Processed	**7,754**	**6,680**	**-14**

Source: GAO analysis of Internal revenue Service (IRS) data. | GAO-26-109074

Note: When IRS receives paper returns, it reviews, prepares, and transcribes the data into its processing systems. Outside vendors scan the returns using software that extracts the information and transmits it to IRS in the same format as an electronically filed (e-filed) return. Once returns are entered into IRS's processing systems, the returns may still not be fully processed and refunds provided to the taxpayer if the return was stopped for various reasons. These reasons include a miscalculated tax credit, incorrect Social Security Number or Employer Identification Number, or suspected fraud.

The IRS Free File program allows eligible taxpayers to prepare and electronically file their federal tax returns through IRS's website at no cost using tax preparation software provided by private industry. As shown in figure 10, after declining through the 2023 filing season, taxpayers' use of Free File steadily increased with IRS accepting 3.1 million returns in the 2026 filing season.[18]

Figure 10: Number of Individual Tax Returns Submitted Using IRS Free File, Filing Seasons 2021–2026



Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Note: In February 2024, IRS launched a pilot service called Direct File that allowed qualifying taxpayers to prepare and file their federal taxes directly on an IRS website for free. IRS accepted Direct File returns in 2024 (140,563) and 2025 (295,889) and ended the pilot after the 2025 filing season.

[18]We continue to monitor the IRS Free File program and plan to issue a separate product on those findings.

Accessible Data for Figure 10: Number of Individual Tax Returns Submitted Using IRS Free File, Filing Seasons 2021–2026

Free File returns (in millions)

Filing season	2021	2022	2023	2024	2025	2026
	4.3	3.0	2.7	2.9	3.0	3.1

Source: GAO analysis of Internal revenue Service (IRS) data. | GAO-26-109074

Customer Service

The percentage of taxpayers receiving assistance on the telephone from an IRS Customer Service Representative (CSR) increased in the years following the COVID-19 pandemic (see table 3). However, CSRs answered fewer taxpayer calls in 2026 due in part to reduced staffing.

Table 3: Level of Service and Assistor Service Rate for IRS Accounts Management Phone Lines, Filing Seasons 2021–2026

Service Measure	2021	2022	2023	2024	2025	2026
Level of Service actual (%)	15.4	15.5	85.2	87.6	87.0	-
Assistor Service Rate actual (%)	-	-	-	-	-	72.6
Goal (%)	55	35	85	85	85	70

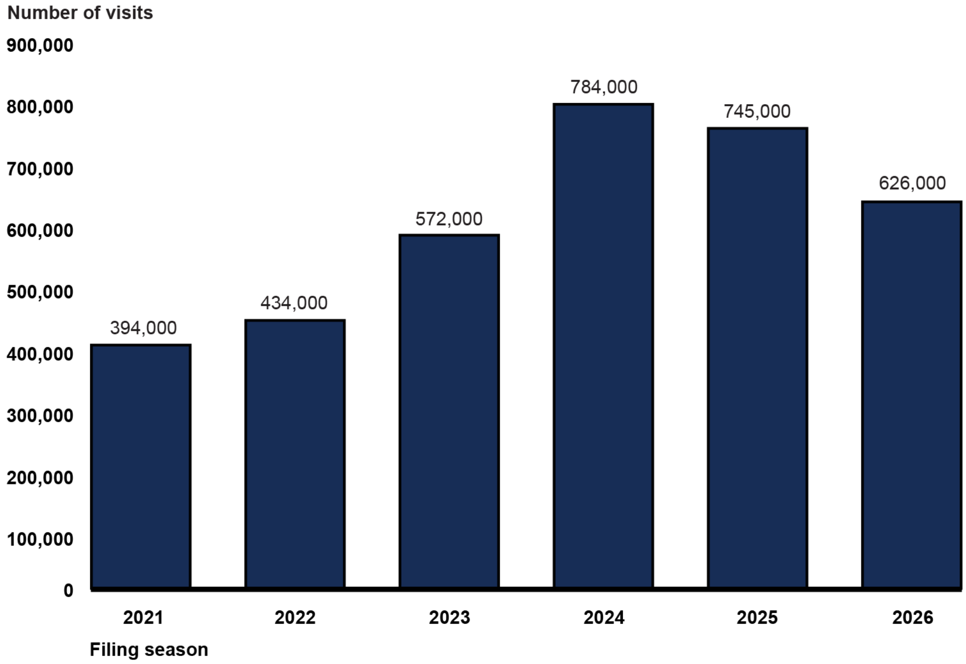
Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Note: IRS's level of service calculation generally divides the number of taxpayers who reach a customer service representative (CSR) by the number of calls the IRS system routes to them. Assistor Service Rate measures the same data points but includes data on the number of taxpayers who reach a CSR through its new live chat feature. IRS data show that IRS served over 12,000 taxpayers through live chat during the 2026 filing season. Because the volume of taxpayers using live chat in 2026 was low, Assistor Service Rate and level of service metrics are comparable.

IRS served fewer taxpayers in person through Taxpayer Assistance Centers during the 2026 filing season (626,000) compared to the 2025 filing season (745,000)—a decrease of about 16 percent (see fig. 11). The number of taxpayers served in person has declined each filing season since 2024, following a period of lower visits during the COVID-19 pandemic between 2020 and 2023. This decline continues a broader trend of fewer in-person visits since 2015, as we previously reported.[19] IRS officials told us that staffing challenges resulted in fewer available appointments and less face-to-face service capacity. They also said that they served fewer taxpayers in person in 2026 because demand for in-person assistance declined across all major service categories, including payments and tax forms.

[19]GAO, *Tax Filing: 2021 Performance Underscores Need for IRS to Address Persistent Challenges,* GAO-22-104938 (Washington, D.C.: Apr. 11, 2022).

Figure 11: In-Person Contacts at IRS Taxpayer Assistance Centers (TAC), 2021–2026 Filing Seasons



Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Accessible Data for Figure 11: In-Person Contacts at IRS Taxpayer Assistance Centers (TAC), 2021–2026 Filing Seasons

Filing Season	Number of visits
2021	394,000
2022	434,000
2023	572,000
2024	784,000
2025	745,000
2026	626,000

Source: GAO analysis of Internal Revenue Service (IRS) data. | GAO-26-109074

Note: IRS offered extended and Saturday hours at many TACs across the country during the 2026 filing season. IRS's extended hours ended April 30th and, as of June 2026, some TACs had Saturday hours planned through the end of June 2026. IRS officials said taxpayer visits during the 2026 filing season were for routine issues, such as learning their balance due, and were similar to prior filing seasons. In addition, we previously reported that IRS served 740,000 taxpayers in person during the 2025 filing season (see GAO-26-108116). In July 2026, IRS officials told us that they identified and corrected a data discrepancy that resulted in IRS undercounting the number of taxpayers served in person during the 2025 filing season. IRS officials said this correction did not affect the comparability of the data between years.