

A report to congressional committees.

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What GAO Found

The Internal Revenue Service (IRS) reported that most of the projects associated with its 23 modernization programs were delivered on schedule for fiscal year 2024. In addition, IRS reported that it spent approximately \$1.5 billion, \$512 million less than it had originally planned for those programs. Specifically, 16 of the 23 programs had cost variances ranging from \$5 million to \$78 million in unspent funds.

Best practices identified in prior GAO work call for documenting modernization plans that include: (1) milestones for completing the modernization, (2) a description of the work to be performed, and (3) details on the disposition of legacy systems, if applicable. GAO found that IRS documented plans for the 23 IT modernization programs active as of September 2024 and that most of the plans addressed the key elements. Specifically, 20 of the 23 plans fully addressed the first two elements, and three plans partially addressed those elements (see table). In addition, 10 programs fully addressed the third element, and two did not address it.

GAO Assessment of the Internal Revenue Service's Modernization Program Plans as of September 2024

Modernization plan element	Yes	Partially	No	Not applicable
Includes milestones	20	3	0	0
Describes work to be performed	20	3	0	0
Includes disposition of legacy systems	10	3	2	8

Legend: Not Applicable = No corresponding legacy system to be retired.

Source: GAO analysis of Internal Revenue Service data. | GAO-25-107611

Federal strategic planning guidance calls for agencies to align their programs with strategic goals and objectives. Consistent with this guidance, IRS aligned its modernization programs with its IT strategic goals and objectives.

However, in March 2025 IRS told GAO that it had paused its modernization programs because it was reevaluating its priorities. The agency subsequently shared a draft modernization framework it was developing that included nine initiatives that it planned to pursue instead of the 23 programs. The nine are designed to meet specific technology demands, such as a unified application program interface. According to a June 2025 Taxpayer Advocate report to Congress, to enable this reprioritization, many projects continue to be paused or have been canceled.

As IRS fully develops its new IT modernization framework, it will continue to be important for the agency to (1) align new initiatives with documented agency strategic objectives, and (2) have program plans that address key elements. In addition, for the 23 programs that IRS was previously pursuing, it is also important that IRS consider the usability of the work performed to date.

Why GAO Did This Study

IRS relies extensively on IT to annually collect trillions of dollars in taxes, distribute hundreds of billions of dollars in refunds, and carry out its mission of providing service to America's taxpayers in meeting their tax obligations. In August 2022, Congress appropriated approximately \$4.8 billion through the Inflation Reduction Act of 2022 to IRS for business systems modernization. The appropriated amounts are to remain available through the end of fiscal year 2031. For fiscal year 2024, IRS spent about \$5 billion on IT, including \$1.5 billion on modernization programs reported to Congress.

Applicable Appropriations Committee reports include a provision for GAO to review IRS's IT programs. GAO's report (1) summarizes IRS's fiscal year 2024 cost and schedule performance for its modernization programs, and (2) determines whether IRS had developed modernization program plans consistent with best practices and aligned with its strategic vision.

GAO summarized IRS's reported planned versus actual cost and schedule for its modernization programs delivered in fiscal year 2024, as reported in quarterly status reports to Congress. In addition, GAO analyzed fiscal year 2024 modernization program plans to determine the extent to which they met best practices. GAO also interviewed relevant IRS officials.

What GAO Recommends

GAO has previously made 33 recommendations to IRS to address legacy system risks and to improve modernization plans. IRS has not yet implemented 10 of those recommendations. In written comments on a draft of the report, IRS agreed with GAO's findings.