

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Snapshot Report: IRS Use of Overtime in 2024 and 2025

May 15, 2026

Report Number: 2026-IE-R005

HIGHLIGHTS: Snapshot Report: IRS Use of Overtime in 2024 and 2025

Final Evaluation Report issued on May 15, 2026

Report Number 2026-IE-R005

Why TIGTA Did This Evaluation

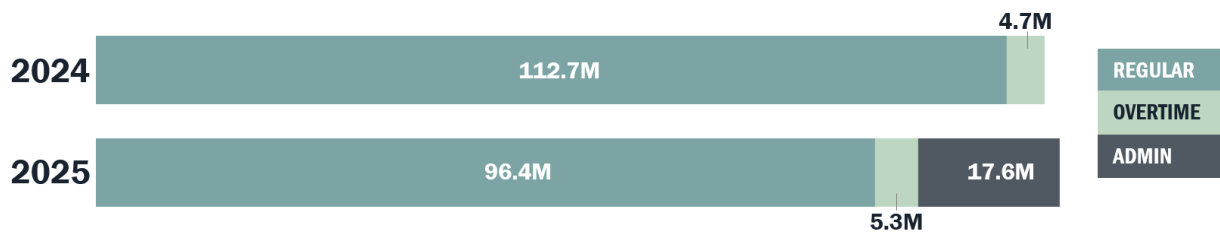
In July 2025, we reported that IRS workforce reduction efforts resulted in an approximate 25 percent decrease in its employees. Additionally, in January 2026, we reported that inventory levels in key return processing programs increased by approximately 33 percent from December 2024 through December 2025 due to staff reductions and the government shutdown. Due to inventory volumes, the IRS has required employees in certain divisions to work weekend overtime.

According to a human resource professional association, overtime can be an effective tool when used to address staffing shortages and workload demands. However, if overtime is prolonged or used excessively, it can create a workforce dependent on overtime pay or negatively contribute to employee health, safety, and a reduced quality of work. This review provides an overview of the IRS's use of overtime, comparing the period of January through September for Calendar Years (CY) 2024 and 2025.

What TIGTA Found

The number of overtime hours worked by IRS employees increased 12 percent. We estimate that salary expenses associated with this overtime increased by approximately \$27 million. The IRS spent \$198 million during the period of January through September 2024 compared to \$225 million during the same period in 2025.

According to IRS timekeeping records, regular work hours decreased by approximately 14 percent from 2024 to 2025 as employees were terminated, retired, or took the deferred resignation programs and were placed on administrative leave. Because of staff reductions and the government shutdown, IRS inventory in key tax processing programs increased from 1.5 million to 2 million (33 percent) from December 2024 through December 2025.



Taxpayer Services accounted for 87 percent of overtime hours worked. IRS employees in Contact Representative and Tax Examiner positions worked most of these overtime hours. The Taxpayer Services group is responsible for processing tax returns and taxpayer correspondence, answering taxpayer telephone calls, and adjusting accounts.

We found instances of potentially questionable use of overtime. For example, some employees reported working 20 or more hours in a single day. Additionally, approximately 300 employees worked more than 12 hours in a day, 74 percent of which were bargaining unit employees and may have violated the agreement between the IRS and the National Treasury Employees Union.

This report is informational only. We made no recommendations.



TREASURY INSPECTOR GENERAL

for Tax Administration

DATE: May 15, 2026

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Nancy A. LaManna *Nancy LaManna*
Deputy Inspector General for Inspections and Evaluations

SUBJECT: Final Evaluation Report – Snapshot Report: IRS Use of Overtime in 2024 and 2025 (Evaluation No.: IE-26-001)

This report presents the results of our review to evaluate the Internal Revenue Service's (IRS) use of overtime. This report compares the IRS's use of overtime during the January through September pay periods in Calendar Years (CY) 2024 and 2025. During the CY 2025 period, the IRS navigated workforce reductions resulting from the deferred resignation programs, retirements, and other separations.

This report is informational only. We made no recommendations.

If you have any questions, please contact me or Frank O'Connor, Director, Inspections and Evaluations.

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Background

Since January 2025, the President has issued several executive orders to reduce the size of the federal government's workforce. The U.S. Office of Personnel Management has issued guidance to help agencies comply with these executive orders.

In January 2025, the Office of Personnel Management released information on its Deferred Resignation Program (DRP), which allowed federal employees to resign from service and retain all pay and benefits through September 2025. Some IRS employees accepted the deferred resignation offer and were required to work until at least May 15, 2025, to help with the tax filing season.

In April 2025, the IRS offered three additional separation programs:

- Treasury Deferred Resignation Program (TDRP) mirrored the benefits of the first DRP offering.
- Voluntary Separation Incentive Payment.
- Voluntary Early Retirement Authority.

In July 2025, we reported that these separation programs have resulted in an approximate 25 percent decrease in the IRS's workforce.¹ As a result, the IRS required employees in certain divisions to work mandatory weekend overtime hours to manage workloads.

Overtime work may be offered on a voluntary or mandatory (directed) basis. Employees input their overtime hours using the Single-Entry Time Reporting (SETR) system.² Managers are responsible for ensuring that their employees accurately report hours worked, including compensatory time off and overtime hours. The IRS allows employees to work overtime in the following categories:

- **Overtime Pay** – Hours officially ordered or approved in excess of an employee's normal daily schedule. In general, overtime pay is equivalent to 1.5 times an employee's hourly pay rate.³
- **Compensatory Time Off** – Hours worked by an employee in excess of an employee's normal schedule. Compensatory time off can be exchanged for leave.⁴

Managers verify the hours of each of their employees. Employees must notify their managers of overtime hours worked; however, notification varies by IRS business unit. Additionally, while overtime documentation is required, each business unit determines the process for maintaining documentation.

¹ [TIGTA, Report No. 2025-IE-R027, Snapshot Report: IRS Workforce Reductions as of May 2025 \(July 2025\).](#)

² SETR is an online payroll system that enables the timely input of time and attendance data to the National Finance Center for the generation of the employee's paycheck every pay period.

³ 5 U.S.C. §5542(a)(1).

⁴ For CY 2024, we analyzed pay periods from January 14, 2024, through September 21, 2024. For CY 2025, the pay periods were from January 12, 2025, through September 20, 2025. We found that there was no materially significant disparity. Overall, compensatory time decreased.

As needed, the IRS sets limits on overtime by pay period and business unit. However, there is no limit on the number of hours an employee may work each day. The National Agreement between the IRS and the National Treasury Employees Union (NTEU) limits the number of hours a bargaining unit employee may work to 12 hours per day.

Results of Review

When comparing the January through September period for CYs 2024 and 2025, paid overtime (hereafter referred to as overtime) hours increased by 12 percent. This represents a year-over-year increase of approximately \$27 million in overtime costs for this period. Most overtime hours were concentrated in the IRS's Taxpayer Services division. The Taxpayer Services division helps taxpayers understand and comply with tax laws and includes key functions such as Submission Processing and Accounts Management. These functions process tax returns, adjust accounts, and answer account-related inquiries through correspondence and by telephone.

We also found instances of employees recording potentially unreasonable amounts of overtime hours. Specifically, approximately 300 employees reported working more than 12 hours in a single day (250 of which may have violated the agreement between IRS and the NTEU) and 14 employees reported working 20 or more hours in a single day.

Overtime Increased as Regular Work Hours Decreased

IRS employees generally report their time and attendance as regular work hours in the SETR system. However, due to workforce reductions from January through September 2025, a significant number of employees who took DRP or TDRP offers began charging administrative time in SETR until they were officially released from the IRS workforce in September 2025. For pay periods ending March 8, 2025, through September 20, 2025, DRP and TDRP administrative leave increased from 569 hours to over 1.9 million hours for a total of 17.6 million hours. Additionally, from January through May 2025, the IRS saw a 25 percent decrease in its employee workforce due to resignation programs, terminations, retirements, *etc.*⁵

We compared data for the period January through September for CY 2024 and CY 2025 and found that:

- Regular work hours **decreased** from 113 million hours to 96 million (a decrease of 14 percent).⁶
- Overtime hours **increased** from 4.7 million to 5.3 million hours (12 percent).

According to IRS data, during this same period, the overall cost of additional overtime hours increased by \$27 million. The IRS incurred overtime costs of \$198 million in CY 2024 compared to \$225 million in CY 2025.⁷ According to a human resource professional association, overtime is

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

⁶ For CY 2024, we analyzed pay periods from January 14, 2024, through September 21, 2024. For CY 2025, the pay periods were from January 12, 2025, through September 20, 2025. Each period reflects time-and-attendance data from pay periods 1 through 18, respectively.

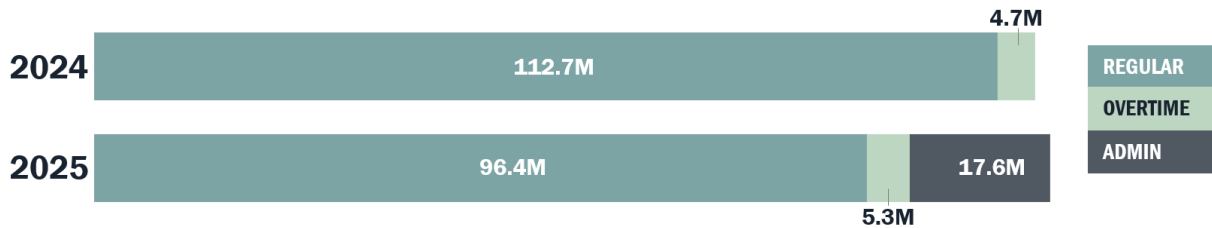
⁷ We did not independently validate the CY 2024 data.

an effective tool when used to address staffing shortages and manage increasing workload demands. We believe that additional overtime costs were needed since the IRS had to balance increasing workforce demands with the impact of Service-wide workforce reductions. Approximately 36,000 IRS employees worked overtime hours in CY 2025 compared to nearly 34,000 employees in CY 2024.

The federal government’s 43-day shutdown in October 2025 and ongoing staff reductions throughout calendar year 2025 impacted the IRS’s ability to reduce its inventories. In January 2026, TIGTA’s Office of Audit reported that IRS work inventory volumes in key tax return processing programs increased by 33 percent (1.5 million to 2 million) from December 2024 to December 2025.⁸

Figure 1 shows a comparison of hours worked and DRP administrative leave used that were reported in 2024 and 2025.⁹

Figure 1: Between CY 2024 and CY 2025, Regular Time Worked Decreased as Workforce Reduction Efforts Had Service-wide Impacts



Source: TIGTA’s analysis of time-and-attendance data for pay periods 1 through 18 for CYs 2024 and 2025.

Breakdown of overtime use by IRS business units

During the period January through September 2025, employees in the Taxpayer Services division worked 87 percent (4.6 million of 5.3 million hours) of the overtime hours reported. In July 2025, we reported that Taxpayer Services lost 20 percent (nearly 8,600 employees) of its workforce.¹⁰

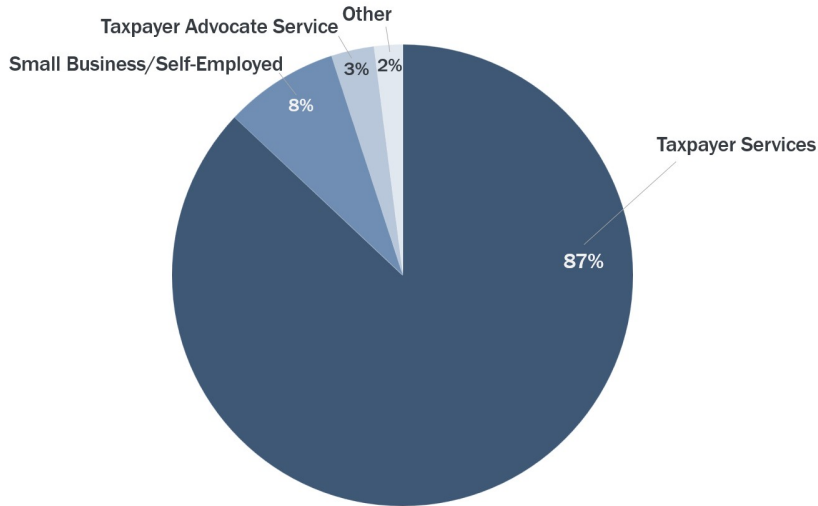
Figure 2 shows the breakdown of overtime hours reported by IRS business units during the period analyzed.

⁸ [TIGTA, Audit No. 2026400002, The Internal Revenue Service’s Readiness for the 2026 Filing Season \(January 2026\).](#)

⁹ This refers to administrative leave used by employees for the DRP or TDRP. It does not include other uses of administrative leave which can include holiday leave or time-off award leave.

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

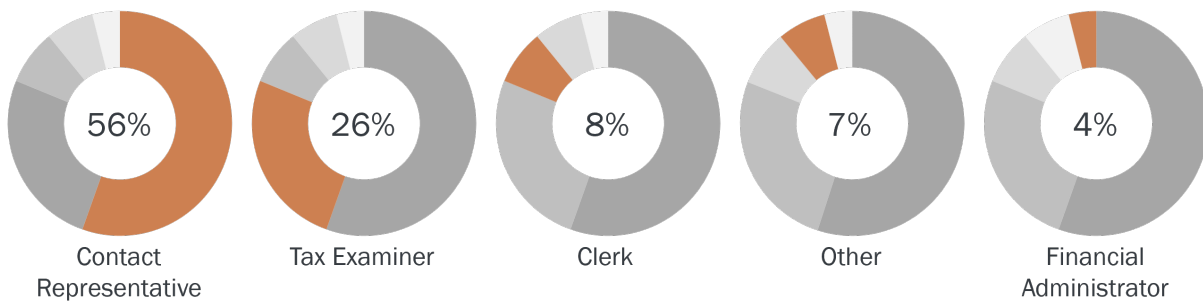
Figure 2: IRS Taxpayer Services Reported the Most Use of Overtime



Source: TIGTA’s analysis of time-and-attendance data and Treasury Integrated Management Information System data for pay periods 1 through 18 for CY 2025.

According to IRS data, Contact Representative (CR) and Tax Examiner employees reported 82 percent (4.3 million hours) of total overtime hours.¹¹ These employees work in the Taxpayer Services function and answer phones and correspondence, help taxpayers resolve their tax-related issues, and perform work related to processing tax returns. Additionally, they manage accounts, collect taxes and/or obtain tax returns, and compute or verify tax, penalties, and interest. In July 2025, we reported that the number of CR and tax examiner employees were reduced by nearly 6,000 (23 percent) and 4,000 (27 percent) employees, respectively.¹² Figure 3 highlights the distribution of overtime hours by IRS job series.

Figure 3: Overtime by Job Series (2025)



Source: IRS Treasury Integrated Management Information System data as of September 20, 2025.

For the pay periods that we analyzed, most overtime hours were attributed to a combination of non-supervisory and employees in lower grades of the General Schedule (GS) system. We noted that:

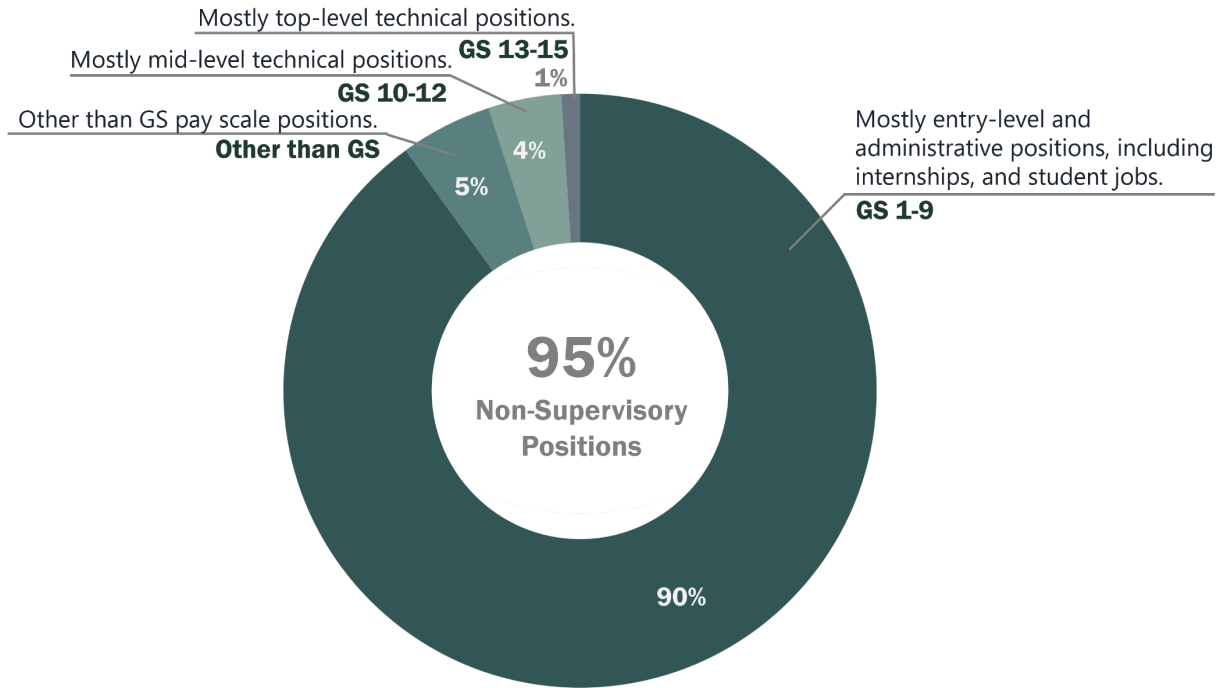
¹¹ We did not independently validate this data.

¹² [TIGTA, Report No. 2025-IE-R027, Snapshot Report: IRS Workforce Reductions as of May 2025 \(July 2025\).](#)

- GS grade-9 employees and below worked 90 percent of all reported overtime hours (4.8 million hours).
- According to IRS data, non-supervisory employees worked 95 percent of all overtime reported (5 million hours) during the period analyzed.¹³

Figure 4 shows the distribution of overtime hours worked by IRS employees.

Figure 4: Non-supervisory and GS Employees in Lower Grades Primarily Worked Overtime During the Designated CY 2025 Pay Periods



Source: Treasury Integrated Management Information System data as of September 20, 2025, and TIGTA's analysis of time-and-attendance data for pay periods 1 through 18 for CY 2025.

Some IRS Employees Reported Questionably High Overtime Hours

From January 12 through September 20, 2025, approximately 300 employees submitted 476 questionable overtime claims. The majority (74 percent) were bargaining unit employees, and 53 percent were from Taxpayer Services. We considered claims as questionable if employees reported more than 6 hours of overtime and totaled more than 12 workable hours in a day.

Additionally, 14 employees reported working 20 or more hours in a single day. We did not confirm with IRS if these instances were intentional or accidental (e.g., administrative error). These were all one-time occurrences and most of these employees (71 percent) were from Taxpayer Services with the remainder from Criminal Investigation, Human Capital, and Information Technology. Bargaining unit employees comprised 86 percent of the 14 cases.

¹³ We did not independently validate this data.

The IRS does not have a centralized mechanism to collect or track business unit-specific operational guidance related to overtime. Employees are required to notify management of overtime hours worked but the notification process, *e.g.*, email, request form, or system workflow, may differ Service-wide. Individual IRS business units can develop overtime guidance as a part of their local operations separate from the IRS's Service-wide overtime policy. Service-wide internal guidance explicitly requires business units to establish their own internal procedures and documentation for requesting and approving overtime and maintaining overtime records. Service-wide internal guidance also requires overtime to be officially ordered or approved in writing by an authorized management official. However, each IRS business unit determines the specific procedures and documentation methods.

The IRS has not established any Service-wide limits on the number of overtime hours that can be worked. According to a human resource professional association, prolonged or excessive overtime can potentially create a workforce dependent on overtime pay or contribute to negative employee health, safety, and quality of work issues. According to the IRS, individual business units are allowed to consider overtime needs based on mission requirements, workload demands, funding availability, staffing considerations, and operational risk. However, the National Agreement between the IRS and the NTEU sets a limit of 12 workable hours per day including overtime. This limit applies to bargaining unit employees.¹⁴ For example:

- A covered employee who has worked 8 regular hours, as a part of their normal working schedule, can work no more than 4 hours of overtime or other compensatory time.
- A covered employee who is not scheduled to work can work up to 12 hours of overtime in a day.

This report was prepared for informational purposes only. Our Office of Audit plans to assess the effectiveness of IRS controls over premium pay, including mandatory overtime, during the 2026 Filing Season.

For those employees who reported questionable overtime, we will refer their names to the IRS to evaluate whether the use was appropriate.

¹⁴ On February 27, 2026, the IRS terminated the 2022 National Agreement with the NTEU.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this project was to evaluate the IRS's use of overtime. This evaluation focused on the pay periods from January 14 through September 21, 2024, and January 12 through September 20, 2025. To accomplish our objectives, we:

- Analyzed time-and-attendance data to determine to what extent IRS employees reported working overtime hours and to compare this usage between the 2024 and 2025 time periods.
- Analyzed time-and-attendance data to identify employees who may have reported compensation for excessive, or potentially unworked, overtime hours.

Performance of This Review

This review was performed with information obtained from the IRS Human Capital Office during the period of December 2025 through January 2026. We conducted this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Those standards require that the work adheres to the professional standards of independence, due professional care, and quality assurance and followed procedures to ensure the accuracy of the information presented. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

Data Validation Methodology

We performed tests to assess the reliability of data from the IRS's SETR system (time-and-attendance data) and the Treasury Integrated Management Information System. We evaluated the SETR data by performing electronic testing of required data elements, reviewing existing information about the data and the system that produced them, and interviewing agency officials knowledgeable about the data. We determined that the SETR data were sufficiently reliable for purposes of this report. We also compared select fields from SETR records to data obtained from the IRS Human Capital Office to verify its accuracy.

Appendix II

Abbreviations

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|------|---------------------------------------|
| CR | Contact Representative |
| CY | Calendar year |
| DRP | Deferred Resignation Program |
| IRS | Internal Revenue Service |
| NTEU | National Treasury Employees Union |
| SETR | Single-Entry Time Reporting |
| TDRP | Treasury Deferred Resignation Program |



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<https://www.tigta.gov/reportcrime-misconduct>.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

Information you provide is confidential, and you may remain anonymous.