

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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June 25, 2026

Mr. Frank J. Bisignano
Chief Executive Officer
Internal Revenue Service
U.S. Department of the Treasury
1111 Constitution Avenue NW
Washington, DC 20224

Dear Mr. Bisignano:

The Committee on Oversight and Government Reform is investigating the increasing tax delinquency rate among current and retired federal civilian employees and the Internal Revenue Service's (IRS) actions to improve tax compliance among this population. While Americans who earn income are legally required to file returns and pay what they owe, federal employees especially should be held to a high standard¹ since their wages are paid with taxpayer dollars in the first place. Failure to file and pay taxes sets a poor example for everyone else, and more should be done to stop noncompliance before it occurs or reoccurs. The Committee requests information from the IRS to assist its oversight of how it and other federal agencies hold federal employees accountable who are delinquent in filing and paying their taxes.

Established in 1993, the IRS Federal Employee/Retiree Delinquency Initiative program (FERDI) matches the social security numbers of tax delinquent accounts or investigations with federal employment and retirement records of taxpayers receiving federal salaries or pensions to identify noncompliant taxpayers. In May 2026, the Treasury Inspector General for Tax Administration (TIGTA) published a disturbing report showing that, as of Fiscal Year (FY) 2024, more than 571,000 current federal and retired employees owed an outstanding tax obligation of approximately \$6.3 billion (an average of more than \$11,000 of debt per employee).² From FY 2021 to FY 2024, this obligation increased by \$1.5 billion (32 percent) and the number of delinquent employees grew by 43 percent.

Concerningly, TIGTA's report also shows that the rate of non-filers continued to increase, with approximately 50,000 current federal civilian employees failing to file a tax return

¹ 5 C.F.R. § 2635.809 (*stating* "Employees must satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as Federal, State, or local taxes that are imposed by law."); *see also* 5 U.S.C. § 3331.

² U.S. TREASURY INSPECTOR GENERAL, 2026-3S0-023, FEDERAL EMPLOYEE AND RETIREE TRENDS SHOW INCREASED NONCOMPLIANCE, 2 (May 6, 2026), *available at* <https://www.oversight.gov/sites/default/files/documents/reports/2026-05/20263S0023fr.pdf>.

at all for two or more tax years. The U.S. Postal Service (USPS) accounted for 33 percent of these non-filers, with nearly 15,000 USPS repeat non-filers. TIGTA's analysis found that nearly 14,000 of the total repeat non-filers were also high-income federal employees, earning estimated income of \$100,000 or more largely from their federal government salaries.³ Most egregiously, at least 122 taxpayers, while collecting federal salaries, did not file a return for eight or more years.⁴

Failure to file a tax return is a federal crime and repeatedly failing to file demonstrates willfulness to violate the law.⁵ Upon conviction of willful failure to file a return or pay taxes, individuals can be imprisoned and fined. Non-filers flagrantly disregard the law, not only resulting in lost tax revenue, but also harming the reputation of the tax system and the federal government. Derelict employees send a signal to the public that filing and paying taxes is optional. Shamefully, some commenters on an online forum for federal employees publicly flaunt their noncompliance with the law and the mandatory code of ethics for federal employees.⁶

The Department of the Treasury workforce has a low delinquency rate (2.4 percent). Other agencies, such as the USPS (10.1 percent) and the Small Business Administration (8.7 percent) have high rates of delinquency. This discrepancy is likely because the IRS has statutory authority to share employee tax return information with Treasury, and to hold employees accountable for delinquent taxes. Federal law mandates IRS terminate its own employees for "willful failure to file any return of tax required under the Internal Revenue Code" or for "willful understatement of Federal tax liability."⁷ However, restrictions in the Internal Revenue Code (IRC) prohibit the IRS from disclosing employee return information to agencies other than Treasury.⁸ IRS may only disclose aggregate data to individual agencies.

Office of Personnel Management proposed rules notably would allow agencies to fast-track dismissal of employees for failing to meet suitability and fitness standards, for reasons that can include unresolved tax debt.⁹ However, with Treasury unable to provide essential information about who owes the debt, agencies would have to rely on other methods, such as self-reporting or tips from other employees or from whistleblowers, to identify the noncompliant employees. It seems unlikely that employees who are already failing to pay or to file taxes for

³ *Id.* at 9.

⁴ U.S. TREASURY INSPECTOR GENERAL, 2026-3S0-023, FEDERAL EMPLOYEE AND RETIREE TRENDS SHOW INCREASED NONCOMPLIANCE, 2 (May 6, 2026), *available at* <https://www.oversight.gov/sites/default/files/documents/reports/2026-05/20263S0023fr.pdf>.

⁵ 26 U.S.C. § 7203.

⁶ r/fednews, REDDIT, (May 17, 2026, 1:02 PM), *available at* https://www.reddit.com/r/fednews/comments/1tdx5m7/tax_delinquency_growing_among_federal_employees/.

⁷ Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. No. 105-206, 112 Stat. 685, 720-721.

⁸ 26 U.S.C. § 6103 (2025).

⁹ Suitability and Fitness, 90 Fed. Reg. 23467 (proposed June 6, 2025), *available at* <https://www.federalregister.gov/documents/2025/06/03/2025-10067/suitability-and-fitness>; *see also IRS Issues Federal Employees and Retirees Notices About Unresolved Tax Issues*, TAXPAYER ADVOCATE SERVICE (last updated Dec. 4, 2025), *available at* <https://www.taxpayeradvocate.irs.gov/news/tax-tips/irs-issues-federal-employees-and-retirees-notices-about-unresolved-tax-issues/2025/08/>.

years in violation of federal laws would voluntarily identify themselves to their employing agencies.

In June and July 2025, IRS mailed 427,000 delinquency notification letters to current and retired federal employees identified as noncompliant with their tax obligations. The letters encouraged the recipients to voluntarily resolve their tax obligations. Within 30 days after the issuance of the notices, 59,000 taxpayers made a payment, but only 4,700 paid their balances in full; IRS only received a total of \$58 million in delinquent tax payments from the identified employees and retirees following the notifications.¹⁰ This data demonstrates that the majority of noncompliant federal employees ignored the IRS letters and failed to resolve their tax liabilities in a timely manner or at all.

Current law does provide other remedies that IRS could use to collect the delinquent taxes from identified federal employees. Established in 2000, the Federal Payment Levy Program (FPLP) allows the IRS to collect overdue taxes through levies on certain federal payments.¹¹ According to a 2024 letter from then-IRS Commissioner Daniel Werfel to U.S. Senate Committee on the Judiciary Chairman, Senator Charles E. Grassley, FERDI non-filers can be referred to the FPLP and Treasury's Bureau of Fiscal Services may levy the employee's federal payments, including up to 15 percent of federal employee salaries.¹²

With TIGTA's report showing continuous increases in tax noncompliance among current and former federal employees, the Committee is concerned that this trend will continue unless IRS, the Executive Branch, and Congress act now to proactively curb noncompliance with federal tax laws. To assist the Committee in conducting oversight into this area of tax noncompliance and its remediation, we request the following information, covering the time period March 6, 2023, to the present, unless otherwise indicated, as soon as possible but no later than July 9, 2026:

1. The number of non-filer federal employees who were referred to the FPLP and the amount of unpaid taxes recovered;
2. The number of levy requests concerning federal employees and annuitants transferred to the Bureau of Fiscal Service;

¹⁰ U.S. TREASURY INSPECTOR GENERAL, 2026-3S0-023, FEDERAL EMPLOYEE AND RETIREE TRENDS SHOW INCREASED NONCOMPLIANCE, 2 (May 6, 2026), *available at* <https://www.oversight.gov/sites/default/files/documents/reports/2026-05/20263S0023fr.pdf>.

¹¹ *Federal Payment Levy Program*, INTERNAL REV. SERV. (last reviewed or updated Apr. 30, 2026), *available at* <https://www.irs.gov/businesses/small-businesses-self-employed/federal-payment-levy-program>.

¹² Letter from Daniel Werfel, Comm'r, Internal Revenue Serv. to Sen. Charles E. Grassley, Ranking Member, S. Comm. on the Budget (June 21, 2024) (on file with Committee staff); *see also* Letter from Sen. Charles E. Grassley, Chairman, S. Comm. on the Judiciary to Melanie Krause, Acting Comm'r, Internal Revenue Serv. (Apr. 2, 2025), *available at* https://www.grassley.senate.gov/imo/media/doc/grassley_to_irs_-_tax_delinquent_federal_employees1.pdf.

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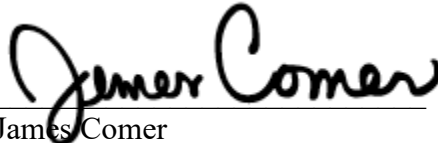
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3. The number of federal employees and annuitants who had federal payments or salaries levied and the amount of unpaid taxes recovered;

Additionally, we request a staff-level briefing on IRS enforcement of non-compliant federal employees and annuitants.

The Committee on Oversight and Government Reform is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. To schedule the briefing, deliver the relevant information, or to ask any related follow-up questions, please contact the Committee on Oversight and Government Reform Majority staff at (202) 225-5074. Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink that reads "James Comer". The signature is written in a cursive, flowing style.

James Comer
Chairman

cc: The Honorable Robert Garcia, Ranking Member
Committee on Oversight and Government Reform