IRS Under Fire Over Unpaid Government Taxes

The House Oversight and Government Reform Committee launched an investigation Thursday into why the IRS has failed to collect billions of dollars in unpaid taxes owed by current and former federal workers, demanding data on enforcement efforts as the number of delinquent government employees climbs sharply.

More than 571,000 current and retired federal employees owe $6.3 billion in back taxes, according to a report by the Treasury Inspector General for Tax Administration. The number of federal workers delinquent on their taxes has risen 43% since 2021.

In 2024 alone, 215,000 U.S. government employees, roughly 6.9% of the total federal workforce, were behind on their federal taxes, the inspector general found.

The IRS sent 427,000 delinquency notification letters to federal employees and retirees last summer, urging them to voluntarily settle their outstanding bills. Within a month of receiving those letters, only 59,000 made any payment at all. Just 4,700 paid their taxes in full.

In total, the IRS recovered $58 million from the effort. That is less than 1% of the $6.3 billion owed.

“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,” Oversight Committee Chairman James Comer, Kentucky Republican, wrote Thursday to IRS Chief Executive Officer Frank J.

Bisignano.

The inspector general's report found 50,000 federal employees and retirees failed to file any tax returns at all, including 14,000 repeat non-filers earning federal salaries of $100,000 or more. At least 122 federal workers went eight or more years without submitting a return. One-third of all non-filers were U.S. Postal Service employees.

Failure to file a federal tax return is a federal crime.

The Federal Payment Levy Program gives the IRS authority to garnish up to 15% of a federal employee's wages and a retiree's pension to recover unpaid taxes. Comer's letter asks Bisignano whether that authority has been used and how much money it has produced.

"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," Comer wrote.

Under current law, the IRS is prohibited from sharing tax delinquency data with other federal departments. That restriction limits enforcement across most of the government. The Treasury Department, which is exempt from the restriction and can police its own employees, posted a comparatively low delinquency rate of 2.4%, a figure the inspector general linked to that internal accountability.

Comer asked the IRS to provide the requested enforcement data by July 9 and to schedule a staff-level briefing on its compliance efforts.