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IRS contingency plan during possible government shutdown

The IRS today released a "Fiscal Year 2024 Lapsed Appropriations Contingency Plan" [PDF 2.2 MB] in anticipation of a possible lapse in funding if Congress fails to pass legislation to continue funding a substantial portion of the government past September 30, 2023.

Although the unfunded agencies would include the Department of Treasury and IRS, the IRS plan notes that in fiscal year 2024, the IRS has available multi-year funding under H.R. 5376 (commonly called the "Inflation Reduction Act" (IRA)) and would use that funding for the activities outlined in its plan.

- The plan indicates that 33.4% of IRS employees would be designated as "excepted/exempt" during the non-filing season (which includes October 1, 2023, through December 31, 2023) and would be retained during a lapse in appropriations.

- The IRS would also continue activities to implement the green energy credit provisions of the IRA, activities that implement the IRS IRA strategic operating plan and the direct file pilot program.

With respect to the Office of Chief Counsel in particular, it appears that some of the employees would be retained despite the lapse in government funding.

Still, many, and perhaps most, other functions would remain unfunded and suspended until Congress and the president reach an agreement on funding. These could include the audit and exam functions and those IRS personnel responsible for fielding and answering taxpayer questions.

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