Guillen Pujol

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# After the Shutdown: How IRS Cuts Continue Affecting Taxpayers

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**By The Guillen Pujol CPA Group Newsroom**

## As the Government Reopens, IRS Faces Mounting Backlogs and Renewed Public Frustration

In recent weeks, many taxpayers have noticed that interacting with the Internal Revenue Service (IRS) has become more challenging. Not only is there less staff available to answer questions or resolve cases, but several processes that used to require human review now depend on automated systems that do not always provide quick solutions. This has caused concern among those who need to clarify notices, submit additional documentation, or simply ensure that their filings continue to move forward without issues.

The turmoil deepened during the record shutdown that furloughed much of the federal workforce. Although some operations have begun to resume, the days without activity further increased the backlog of work—just as layoffs and budget caps had already eroded capacity.

The federal government reopened on November 10, 2025, after a 43-day shutdown that brought parts of the IRS to a near standstill. While the deal struck late Sunday night averted deeper chaos, the damage is still unfolding inside an already-strained agency. The new stopgap measure funds operations only through Jan. 30, 2026, leaving civil servants wary that another disruption could arrive just as the 2026 filing season begins.

For tens of thousands of IRS employees, the return to work means scrambling to clear an unprecedented pile of suspended correspondence, halted audits, and delayed refunds. Officials have begun recalling workers and restoring systems, but staff unions warn that the brief funding window and recent layoffs will make recovery slow.

This shutdown’s end offers only temporary relief. The system it froze—thinned by budget cuts and stretched by automation—remains under extraordinary stress. In this environment, understanding what issues may arise and what preventive steps can be taken has become essential for anyone hoping to avoid unnecessary complications.

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## How the IRS Reached a Point of Reduced Staffing and Increased Pressure

Over the past few years, the IRS appeared to be on a path toward recovery. With funding approved through the Inflation Reduction Act (IRA), the agency had begun implementing plans to modernize its systems, strengthen specialized audits, and improve taxpayer services. Part of that funding went toward hiring new technical staff and trained agents to handle complex cases.

That progress began to slow when a new policy direction was introduced, aiming to shrink the size of the federal government through the Department of Government Efficiency. Under this mandate, thousands of positions—especially probationary employees or those funded by IRA resources—were reduced or eliminated. Some divisions, particularly those that had recently expanded, lost a significant share of their staff and were left unable to advance certain cases or investigations.

These reductions were followed by additional operational strain caused by the recent government shutdown, which temporarily furloughed tens of thousands of employees. Although the agency has resumed its activities, the downtime coincided with the IRS already facing internal limitations, further intensifying pressure on the teams responsible for processing returns, resolving notices, and handling reviews.

The agency's leadership has also undergone notable shifts in a short period, including the removal of Commissioner Billy Long and the appointment of Scott Bessent as acting commissioner. These changes reflect a moment of significant adjustment within the IRS. Bessent has stated his intention to prioritize tax debt collection, privacy protections, and taxpayer service, with a strong emphasis on artificial intelligence tools—an approach that is transforming how the agency processes cases and allocates resources.

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## What This New Reality Means for Taxpayers

Meeting tax obligations remains mandatory, even as the agency operates with fewer staff and a more automated system. During the shutdown—and even after it ended—legal deadlines did not change, meaning taxpayers were still responsible for filing returns, making payments, and responding to IRS notices. This is a key warning from the Tax Foundation's analysis of government shutdowns and their impact on federal services.

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When it comes to processing tax returns, the impact is not the same for everyone. Electronically filed returns that are complete and without errors or inconsistencies typically move forward with minimal disruption. Problems arise when documentation is missing, when there is a mismatch with third-party information, or when a return requires manual review. With fewer agents available, these situations can easily lead to delays.

Access to assistance has also changed. With staff reductions and the temporary furloughs triggered by the shutdown, there were fewer employees available to respond to correspondence, handle appeals, release tax liens, or process payment agreements. For many taxpayers, this means that an issue that once could be resolved with a quick phone call may now remain untouched for weeks—or even months. Phone support for both taxpayers and tax professionals has been among the most affected services, with longer wait times and fewer agents available to take calls.

In this environment of limited services, the IRS administratively discontinued the pilot Direct File program, which allowed taxpayers to file directly with the agency. Its removal eliminates a simple filing option at a time when reliance on external tools is increasing and the IRS's operational capacity remains strained.

Automation now plays a more prominent role. Tax returns, notices, and preliminary determinations go through automated filters that help manage workflow but do not always capture the nuances of each case. Bessent and other officials have emphasized that the agency will increasingly rely on artificial intelligence tools to manage workloads and determine which cases to review. While this speeds up certain processes, errors and incorrect notices are harder to rectify without human intervention.

The effects also vary depending on the taxpayer profile. For high-income individuals or complex entities, reduced staffing in specialized divisions means fewer in-depth audits—but also more stalled cases, unassigned appeals, and transactions awaiting actions that no one has the capacity to complete.

Divisions that handle large corporations and businesses with international operations have also seen a reduction in their enforcement capacity, delaying complex audits and the resolution of cases requiring cross-border analysis. For small businesses, self-employed individuals, real estate agents, and individual investors, the challenges often lie in resolving simpler issues such as payment plans, minor adjustments, or clarifications related to automated IRS notices.

Whether the reprieve lasts beyond January is unclear. The temporary funding bill spares the IRS from deeper paralysis, but not from uncertainty. A second shutdown—or another round of cuts under the administration's efficiency plan—could again halt refunds, audits, and appeals. For taxpayers, the question lingers: when the

government stops, who answers the call?

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## How to Prepare and When to Seek Professional Support

Although taxpayers cannot control what happens inside the agency, they can control how prepared they are for this new environment. Keeping organized processes, acting early, and maintaining up?to?date information reduces risk and helps prevent delays.

These practical steps can make a meaningful difference:

- File your return as early as possible if you expect a refund.
- Prioritize electronic filings that are complete and accurate, and choose direct deposit.
- Keep documents organized and have digital backups ready in case the IRS requests clarification.
- Do not ignore IRS notices, even if it is difficult to reach the agency—responding promptly is essential.
- Seek specialized guidance when dealing with business activities, investments, high-income situations, or discrepancies with IRS records.

For many individuals and businesses, this environment has underscored the importance of having professional support capable of navigating a smaller, more automated IRS that leaves less room for error. Expert guidance helps maintain control, clarity, and responsiveness even as institutional timelines slow.

At **Guillen Pujol CPA Group**, we have helped clients respond to IRS reviews, answer notices, and handle audits with a structured, technical approach—especially when communication with the IRS is limited. Our team works to simplify each step, anticipate risks, and ensure taxpayers maintain clarity and control in an increasingly complex tax environment.

If you need help understanding a notice, planning your strategy for the upcoming tax season, or resolving an outstanding issue, we are here to support you with experience, insight, and a strong commitment to your peace of mind.

**Take Action Now**: Need professional tax guidance? Contact us today.

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