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Insights

IRS Operations Limited During Government Shutdown; Regular Tax Deadlines Remain

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On October 21, 2025, the Internal Revenue Service (IRS) released its official “Statement on IRS operations limited during the lapse in appropriations; regular tax deadlines remain”, available at **IRS.gov**. The announcement confirms that, despite the ongoing federal government funding lapse, all federal tax laws, filing requirements, and payment deadlines remain fully in effect. While the IRS has limited many in-person and live-service operations, essential electronic systems—including e-filing, online payment portals, and automated refund processing—continue to operate.

Background

On September?30,?2025, the federal fiscal year ended without Congress passing full appropriations or a continuing resolution for FY?2026, triggering a government funding lapse at midnight on October?1. Initially, the Internal Revenue Service (IRS) operated under its contingency plan using Inflation Reduction Act funds to maintain staffing for five business days. Beginning October?8, the IRS transitioned to a furlough plan, keeping just over fifty percent of its workforce active.**1** Despite reduced operations, the IRS emphasized that all tax laws, filing requirements, and payment deadlines remain in effect. On October 21, 2025, the IRS released its official statement regarding its limited operations during the government shutdown.

What’s Unchanged

- All federal tax deadlines remain in force for individuals, corporations, partnerships, and employers, including payroll tax due dates.
- Payments continue to be accepted and deposited whether made electronically or by mail.
- IRS.gov and automated tools remain available (e.g., “Where’s My Refund,” IRS2Go, online EIN, and online payment agreements).

What’s Limited or Paused

- In-person service is suspended: all Taxpayer Assistance Centers (TACs) are closed and scheduled appointments have been canceled.
- Live phone assistance is limited; automated phone systems continue to operate.

- Paper return and correspondence processing is delayed, and the IRS generally will not be responding to paper correspondence. A backlog will certainly build up.
- The IRS will not process applications or determinations for tax-exempt status or pension plans.
- Appeals and Taxpayer Advocate Service appointments have been canceled and will be rescheduled after the federal government funding lapse has been resolved.

Refunds

Individual (Form 1040) refunds will continue to be paid only on electronically filed, error-free returns that can be automatically processed and direct deposited. Other refunds will not be paid during the shutdown. The IRS urges taxpayers to e-file with direct deposit to avoid delays.

Filing Season Readiness

With the 2026 filing season approaching, the IRS continues critical pre-season testing and preparation despite operational limitations.

Practical Takeaways for Taxpayers and Employers

- **Do not miss deadlines.** File and pay as usual; e-file and direct deposit are recommended.
- **Expect delays** on paper submissions and mailed correspondence; use online tools for transcripts and account information.
- **Plan for rescheduling** if you have an Appeals or TAS appointment; no action is needed until the federal government reopens.

If you have time-sensitive matters (e.g., assessment or claim deadlines), consider reaching out for assistance in filing protective submissions electronically or documenting timely mailing where electronic filing is unavailable.

If you have questions about how the IRS's limited operations may affect your organization's filings, refund claims, or compliance activities, please contact, **Kendall Schnurpel**, **Robert Greising**, or your Krieg DeVault attorney. Our attorneys are closely monitoring developments and are available to assist clients in navigating filing obligations and administrative interactions during the federal funding lapse.

[1]U.S. Department of the Treasury, Fiscal Year 2026 Lapse in Appropriations Contingency Plan (September 2025), at 6, available at **Treasury_IRS_Lapse_Plan.pdf**

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