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The IRS Audit Odds Report

For tax year 2021, the newest year past the normal three year audit window, the IRS examined 0.51 percent of returns under \$25,000 of income, 0.16 percent of returns between \$100,000 and \$200,000, and 6.59 percent of returns reporting \$10 million or more. An original analysis of six editions of the IRS Data Book examination coverage table, tax years 2010 to 2023.

By Dr. Pellumb Kabashi, DBA, MBA, CES, CFE, EA
Founder, Tax Expert Today LLC

KEY FINDINGS

IRS audit rates by income follow a U shape

0.32%

of all individual returns for tax year 2021 examined, about 1 in 316

3.2x

the audit rate under \$25,000 compared with \$100,000 to \$200,000

1 in 15

returns of \$10 million or more examined, a rate of 6.59%

50%

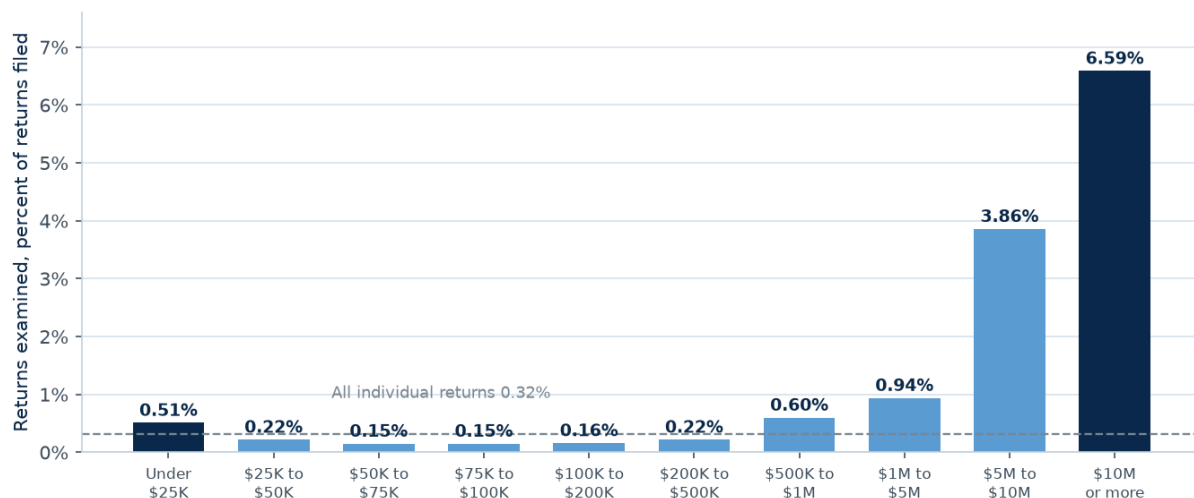
lower early audit rate for tax year 2023 than 2022 at the same age

For tax year 2021, measured as of September 30, 2025, the IRS examined 0.32 percent of individual returns. Returns under \$25,000 of total positive income were examined at 0.51 percent, every band from \$25,000 to \$500,000 at between 0.15 and 0.22 percent, \$1 million to \$5 million at 0.94 percent, and \$10 million or more at 6.59 percent. Tax year 2021 is the year the IRS identifies as the most recent outside the normal statute period, so its rate is close to final.

Between tax years 2015 and 2021, both measured in the same edition, the overall rate fell 45 percent. The middle bands fell most, by 67 to 72 percent between \$50,000 and \$200,000, while the under \$25,000 band fell least, by 23 percent.

Figure 1. IRS audit rate by income, tax year 2021

Individual returns examined (closed plus in process) as a share of returns filed, by total positive income. Tax year 2021 is the most recent year outside the normal three year statute, measured as of September 30, 2025.



Source: IRS Data Book 2025, Table 3-1. Tax Expert Today LLC analysis.

Figure 1. Individual returns examined, closed plus in process, as a share of returns filed, by total positive income, tax year 2021, as of September 30, 2025. Source: IRS Data Book 2025, Table 3-1.

AUDIT RATES BY INCOME, TAX YEAR 2021

Total positive income	Returns filed	Returns examined	Audit rate	Odds	No change	Rec. tax per closed exam
\$1 under \$25,000	44,983,091	227,506	0.51%	1 in 198	15.2%	\$9,592
\$25,000 under \$50,000	37,679,393	82,905	0.22%	1 in 454	12.3%	\$8,315
\$50,000 under \$75,000	23,132,910	34,900	0.15%	1 in 663	9.9%	\$8,624
\$75,000 under \$100,000	14,828,621	22,920	0.15%	1 in 647	9.9%	\$9,041
\$100,000 under \$200,000	24,900,466	40,069	0.16%	1 in 621	11.9%	\$9,494
\$200,000 under \$500,000	9,597,600	21,062	0.22%	1 in 456	21.0%	\$12,609
\$500,000 under \$1,000,000	1,779,838	10,645	0.60%	1 in 167	26.5%	\$17,044
\$1,000,000 under \$5,000,000	867,592	8,174	0.94%	1 in 106	20.9%	\$42,933
\$5,000,000 under \$10,000,000	71,862	2,771	3.86%	1 in 26	39.7%	\$73,208
\$10,000,000 or more	51,250	3,375	6.59%	1 in 15	42.9%	\$175,231
All individual returns	161,206,833	510,375	0.32%	1 in 316	13.2%	\$13,986
Returns claiming the EITC	32,216,183	224,123	0.70%	1 in 144	18.8%	\$5,550

Source: IRS Data Book 2025, Table 3-1, tax year 2021. Returns examined are examinations closed by September 30, 2025 plus examinations in process. No change is closed examinations with no change divided by closed examinations. Recommended tax per closed exam is recommended additional tax divided by closed examinations; it is an average including no change cases, an amount recommended rather than assessed or collected, and not a prediction for any individual. EITC returns are already counted in the income rows.

Why the lowest earners are audited more than the middle

Mostly because of the Earned Income Tax Credit. Returns claiming the credit made up 20.0 percent of tax year 2021 individual returns but 43.9 percent of all individual examinations. Returns under \$25,000 were 27.9 percent of returns filed and 44.6 percent of examinations. In GAO testimony of May 2022, IRS officials explained that "EITC audits are limited in scope and historically have high rates of improper payments and therefore require a greater enforcement presence."

Most of these audits are conducted by mail: 81.0 percent of all examinations closed in fiscal year 2025 were correspondence audits. The National Taxpayer Advocate reports that for audited taxpayers under \$50,000 of total positive income the failed to respond rate reached 64.3 percent in fiscal year 2025, up from 47.2 percent in fiscal year 2023.

Audit rates fell in every income band

Total positive income	TY 2010	TY 2015	TY 2021	Change, 2015 to 2021
\$1 under \$25,000	1.03%	0.66%	0.51%	-23%
\$25,000 under \$50,000	0.61%	0.40%	0.22%	-45%
\$50,000 under \$75,000	0.69%	0.54%	0.15%	-72%
\$75,000 under \$100,000	0.65%	0.50%	0.15%	-70%
\$100,000 under \$200,000	0.85%	0.48%	0.16%	-67%
\$200,000 under \$500,000	2.28%	0.56%	0.22%	-61%
\$500,000 under \$1,000,000	3.62%	1.22%	0.60%	-51%
\$1,000,000 under \$5,000,000	8.19%	2.61%	0.94%	-64%
\$5,000,000 under \$10,000,000	13.54%	5.17%	3.86%	-25%
\$10,000,000 or more	21.48%	9.49%	6.59%	-31%
All individual returns	1.01%	0.58%	0.32%	-45%

Source: IRS Data Book 2025, Table 3-1 (tax years 2015 and 2021) and IRS Data Book 2020, Table 17 (tax year 2010). All three tax years are outside the normal three year statute in the edition used. Changes computed on unrounded rates.

Measuring tax years 2015 and 2021 in a single edition matters, because both are past the normal statute in the 2025 Data Book and neither rate is still filling up. The comparison is therefore like for like, and no difference in snapshot dates can inflate or shrink the decline.

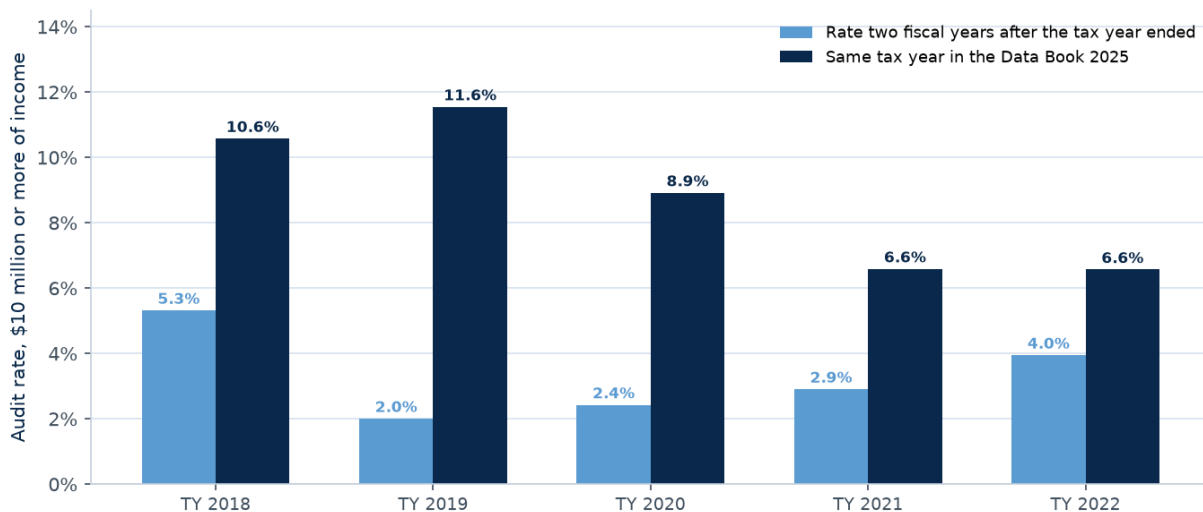
The pattern matches what the IRS and the GAO have described. In April 2023 the IRS said that "continued resource constraints have limited the agency's ability to address high-end noncompliance." The GAO reported in 2022 that audit rates fell for all income levels from tax years 2010 to 2019 and fell most for taxpayers with incomes of \$200,000 and above, because those audits are more complex and require more examiner time.

Why recent audit rates look so low

Each Data Book is a snapshot as of September 30, and the IRS can open audits for at least three years after a return is filed. Recent tax years are therefore still accumulating examinations, and the IRS notes that "as new audits of returns filed for recent tax years are opened, audit rates for those years will increase." Reading six editions together shows how large the effect is. For returns of \$10 million or more, the rate the Data Book reported two years after tax year 2019 was 2.01 percent. The same tax year now stands at 11.55 percent.

Figure 2. Early audit rates understate the final rate

Returns with total positive income of \$10 million or more. The rate the Data Book reported two fiscal years after each tax year ended, compared with the rate for the same tax year in the Data Book 2025.



Source: IRS Data Book 2020 to 2025, Table 17 and Table 3-1. Tax Expert Today LLC analysis.

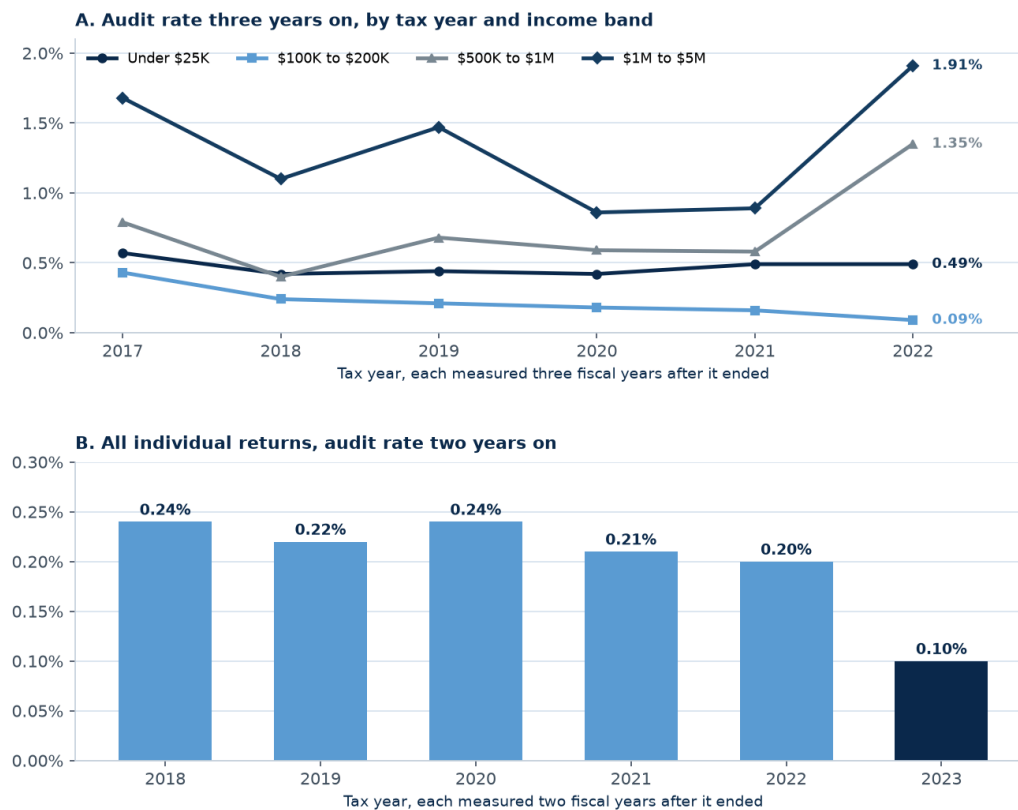
Figure 2. Audit rate for returns reporting \$10 million or more of total positive income: the rate reported two fiscal years after each tax year ended, against the rate for the same tax year in the 2025 Data Book. Source: IRS Data Book 2020 to 2025, Table 17 and Table 3-1.

The effect is far smaller at the low end. For returns under \$25,000, tax year 2019 moved only from 0.37 percent two years on to 0.44 percent today. The GAO testimony describes lower income audits as generally less complex and more automated, while higher income audits require examiners to review multiple issues by hand. A recent tax year understates the audit odds for high income returns much more than it does for everyone else, so any figure for a recent year should carry the date of its snapshot.

COMPARING TAX YEARS AT THE SAME AGE

Figure 3. Comparing tax years at the same age

Each tax year is measured at the same point in its audit life, which removes the snapshot effect shown in Figure 2.



Source: IRS Data Book 2020 to 2025, Table 17 and Table 3-1. Tax Expert Today LLC analysis.

Figure 3. Panel A, audit rate measured three fiscal years after each tax year ended, selected bands. Panel B, audit rate for all individual returns measured two fiscal years after each tax year ended. Source: IRS Data Book 2020 to 2025.

Measured three years after the tax year, the audit rate for \$1 million to \$5 million returns was 1.91 percent for tax year 2022 against 0.89 percent for tax year 2021, and \$500,000 to \$1 million rose from 0.58 to 1.35 percent. Every band from \$200,000 to \$10 million is higher than at the same age in tax years 2018 through 2021, while every band from \$50,000 to \$200,000 is lower. Returns of \$10 million or more were roughly flat at 6.57 against 6.21 percent.

Two years after the tax year, the IRS had examined 0.10 percent of tax year 2023 individual returns, half the 0.20 percent for tax year 2022 at the same age. Only the \$10 million or more band was higher. TIGTA reports that examinations started fell 31 percent from fiscal year 2024 to 2025 and that the IRS lost about 27 percent of its Examination and Collection staff. This report does not attribute the drop to any single cause.

COMPARING SOURCES

Why other sources report different audit rates

Because they read the same IRS table at different dates. Every competing figure this report found traces to an earlier snapshot of the same table, and each reproduces from the edition current when it was published. This report uses the latest edition throughout and headlines tax year 2021 because its rate is close to final.

Published figure	Their rate	Data Book 2025	Why they differ
GAO testimony, May 2022: all individual returns, TY 2019	0.25%	0.32%	Earlier snapshot
GAO testimony, May 2022: \$1M under \$5M, TY 2019	1.02%	1.76%	Earlier snapshot
GAO testimony, May 2022: under \$25,000, TY 2019	0.40%	0.44%	Earlier snapshot
IRS statement, April 2023: \$10M or more, TY 2018	9.2%	10.58%	Read from the 2022 Data Book
IRS operating plan, 2024: \$10M or more, TY 2019	11.0%	11.55%	Read from the 2023 Data Book
IRS operating plan, 2024: \$10M or more, TY 2010	21.5%	21.48% (2020 ed.)	No difference

The \$400,000 pledge

Treasury directed in August 2022 that audit rates for households earning \$400,000 or less would not rise above historical levels, later defined by tax year 2018. TIGTA reported that it "cannot definitively say whether the IRS met the 2022 Treasury Directive" because the measurement method was not finalized, and the Data Book bands measure total positive income per return and do not split at \$400,000. At the same age, tax year 2022 rates from \$50,000 to \$200,000 are below tax year 2018, while the two lowest bands are higher. This report draws no conclusion on the directive.

Audits are not matching notices

The Automated Underreporter Program, which issues proposals such as the CP2000, closed 987,460 cases in fiscal year 2025 with \$5.90 billion of additional assessments, roughly twice the 497,621 examinations of all return types closed that year. None of it appears in the audit rates in this report.

METHOD

Methodology. Tax Expert Today extracted the individual income tax return rows from six consecutive editions of the IRS Data Book examination coverage table: Table 17 in the 2020, 2021, 2022, 2023 (revised), and 2024 editions and Table 3-1 in the 2025 edition, each covering nine tax years. Table numbers were read from each file's own caption. For every income band and tax year the audit rate was recomputed as examinations closed plus examinations in process, divided by returns filed, the definition in footnote 4 of the table, and compared with the percentage the IRS publishes. In the 2025 edition every recomputed rate matches. In nine earlier edition cells, all in the top two bands for tax years 2014 to 2018, the IRS shows prior year counts for disclosure reasons; the published percentage is used there.

Every 2025 count for returns filed, closed, and in process was checked against the typeset table in the printed Data Book: all 377 matched, nine as asterisked prior year values, none in tax year 2021. Returns filed for each tax year are identical across all six editions. Snapshot age is the number of fiscal years between the end of the tax year and the edition; same age comparisons use only rates measured at the same age.

Eight figures published by other bodies were reproduced from the matching editions as anchors, including the IRS's own 6.6, 3.9, and 0.9 percent tax year 2021 rates and its pooled 7.9 percent rate for \$10 million returns across tax years 2015 to 2023. A corroboration sweep covered the GAO, three TIGTA reports, the National Taxpayer Advocate 2025 Annual Report to Congress, the IRS Strategic Operating Plan, and IRS statements; every divergent figure traces to an earlier snapshot of the same table. Only a handful of sources publish this series across editions. All source files, scripts, and a workpaper mapping every figure to its source are retained and available on request.

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ABOUT

Tax Expert Today LLC

Tax Expert Today LLC represents individuals and businesses in Naples, Florida and across Southwest Florida through IRS examinations of every kind, from a single issue correspondence audit to a multi year field examination. The firm is multidisciplinary, with enrolled agents, CPAs, and attorneys, and represents taxpayers before the IRS nationwide.

Dr. Pellumb Kabashi, DBA, MBA, CES, CFE, EA, is the founder of Tax Expert Today LLC and leads the firm's research program. TET Research publishes original analyses computed directly from public IRS and federal data, with every figure traced to its source file and a workpaper retained for each report.

Office

11983 Tamiami Trail N, Naples, FL 34110

(239) 441-2005

Monday through Friday, 10am to 5pm ET

taxexperttoday.com

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