



Tax News & Views: Special Edition

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Trump administration releases FY2027 budget proposal, with IRS funding cuts

On April 3, the Trump administration released details of its fiscal year 2027 budget proposal, which would take effect October 1. The proposal – initially outlined in a series of fact sheets released ahead of the full document – emphasized defense spending and identified budget reconciliation as a key legislative vehicle for advancing the administration’s border-related funding priorities, while also proposing a \$73 billion reduction in nondefense spending, roughly equal to 10 percent of its FY2026 level.

“The historic investment in Defense and Department of Homeland Security (DHS) achieved via budget reconciliation will ensure that agencies repelling the invasion at our border have the resources to sustain and complete their mission,” according to an Office of Management and Budget (OMB) [fact sheet](#).

Notably, the administration did not release a Green Book, the Treasury document that traditionally explains the revenue provisions included in the president’s annual budget and provides estimates of their budgetary effects. The most recent Green Book was issued in 2024 under President Biden. Treasury’s Assistant Secretary for Tax Policy and Acting IRS Chief Counsel Kenneth Kies previewed last month at a tax summit, saying that Treasury’s focus this year will be on implementing the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)) – which the administration referred to in the budget proposal as the Working Families Tax Cut, a label also used by some Republicans – rather than on introducing new tax policy proposals. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 11, March 13, 2026.)

For information and resources on the FY2027 President's budget proposal, including related fact sheets, see the OMB [webpage](#).

Administration proposes to reduce IRS funding

While it does not propose new tax policies, the administration's FY2027 budget proposal builds on earlier efforts to reduce IRS resources, calling for a \$1.4 billion reduction from the \$11.2 billion provided for the IRS in FY2026, which would bring the agency's funding level to \$9.8 billion beginning in October. In nominal terms – not factoring in inflation in the interim – that amount of IRS funding would be the lowest in more than 20 years.

The administration stated that its budget proposes to “streamline IRS operations utilizing technology improvements” to help the agency offer “high-quality customer service” while ensuring that tax laws are administered in a fair manner. The IRS section of the budget also noted that since January 2025, the administration has closed the Direct File program – which it said cost more than \$41 million – and reduced total end-of-year staffing by 27 percent.

Democratic opposition

Senate Democratic Minority Leader Chuck Schumer of New York quickly [voiced](#) opposition to the budget proposal on social media, taking particular aim at a reference to a proposal for a “\$1.5 trillion dollar Defense budget for next year.”

“For 2% of this we could've extended the ACA [Affordable Care Act] tax credits for a year and lowered health care costs for millions,” wrote Schumer. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 3, Jan. 16, 2026.)

What comes next

Congress has a long and bipartisan history of rejecting budgets sent up by the president and instead crafting an annual spending plan of their own. In the weeks and months to come, the House and Senate Appropriations Committees will begin to draft their versions of the twelve annual spending bills with an eye toward the beginning of the next fiscal year on October 1. The president's proposed spending levels will be considered in that process, but it is expected that Congress will put its own stamp on it that will be materially different for many accounts.

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A prelude to the 2026 TCPI symposium – a webcast on federal, state, and global tax issues

The tax landscape is poised for significant transformation, as domestic and international policy reforms are implemented, and emerging technologies reshape how taxpayers and administrators manage compliance and enhance efficiency.

In anticipation of the Tax Council Policy Institute Annual Symposium in May, join us on Thursday, April 9 from 1-2 pm EST for a lively preview with policy experts and company executives. The conversation will cover the congressional and tax regulatory landscape, federal budget outlook, as well as the latest changes to the global tax landscape. [Register today](#).

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