THE NOTICENINJA 2025 DATA REVIEW REPORT

NOTICE NINJA
DIGITAL NOTICE COMPLIANCE

What 2025 Taught Us

And How to Prepare for 2026 Compliance Complexity

In 2025, enterprise tax teams faced growing complexity – but had more (and more sophisticated) tools at their disposal.

2025 was a turbulent year for enterprise teams that handle tax and notice compliance. Escalating geopolitical tensions, increased economic uncertainty, and rapid technological changes have impacted policy and reporting requirements and put increased strain on already-burdened tax teams.

Amid the tumult, the agencies that issue notices have been in flux. This was particularly clear at the federal level: between January and May of 2025, the number of IRS employees decreased by approximately 25%, according to a memo released by the Treasury Inspector General for Tax Administration (TIGTA). Remaining employees have faced directives to improve operational efficiency, modernize their infrastructure, and aggressively adopt "paperless processing," which has put increased pressure on organizations to respond to notices quickly and accurately.

And while the workforce processing notices shrank, the number of notices they issued didn't. In fact, notice volume – from federal, state, city, and local jurisdictions – continued to surge last year.

This perfect storm of general unpredictability, newly lean agencies, and skyrocketing notice volume has made it challenging for enterprise tax teams to plan effectively. Only those with scalable, automated, and transparent internal processes are equipped to respond to evolving expectations with agility and ease.

To gain greater insight into the state of tax and notice compliance in 2025 and help teams prepare for the year ahead, NOTICE**NINJA** dug into anonymized user data. This report presents a snapshot of that data, a forecast for 2026, and our recommendations for how to manage notices effectively, regardless of external stressors.

Part I: The Data

*NOTICE**NINJA** platform activity increased sharply in 2025...*

Activites/events performed on the platform

7,833,115

2,745,290

Number of tasks created on the platform

Number of notes/memos created on the platform

1,193,560

801,570

Total pages scanned via NOTICENINJA OCR

In 2025, activity on the NOTICE**NINJA** platform soared. Over the past 12 months, an influx of notices and documents has been uploaded to the platform, triggering an increase in actions taken.

747,808

Number of attachments securely uploaded

...and hundreds of thousands of new workflows were created...
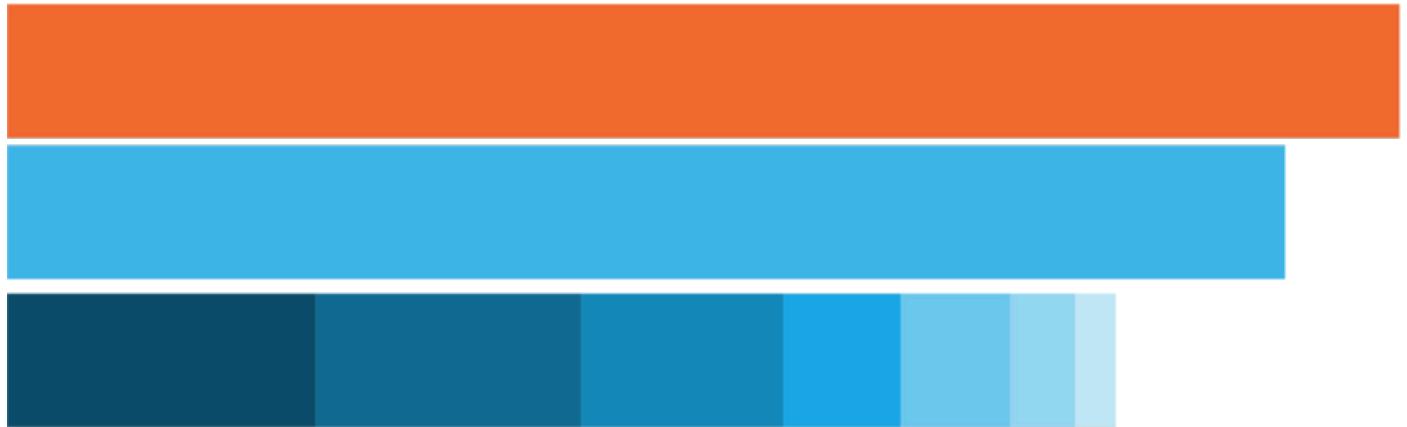
Total Workflows Created: 620,876

Number of Notice Workflows: 607,102

Pending Notice Workflows: 3,859

Amended Return Workflows: 3,279

Registration Workflows: 2,509

Mail Distribution Workflows: 1,384

Authorization Workflows: 778

Account Inquiry Workflows: 518
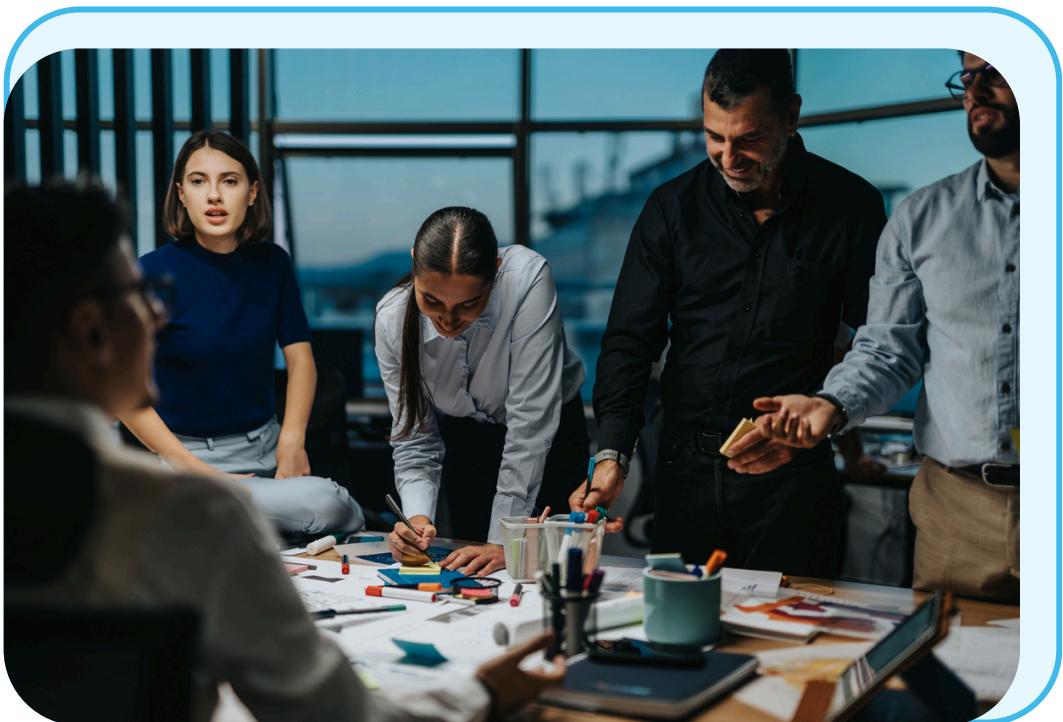
...for entities in local, city, state and federal jurisdictions.

Distinct Locals with Workflows Created

1,925

569

Distinct Cities with Workflows Created

High Volume Agency: California

55,535

Part II: The Outlook

In 2026, enterprise tax teams will have to continue to manage high volumes of notices while also contending with shifting agency and regulatory environments.

The tax and notice compliance challenges tax teams faced in 2025 are expected to intensify over the coming months. Notice volume will remain elevated, and changes to agencies will continue to transform the way correspondence is received and resolved.

1 An IRS Under Strain

According to the TIGTA memo cited above, the IRS is planning additional budget cuts in 2026. This will put increased burden on the already stretched-thin workforce – and could lead to longer processing times and deeper backlogs. Because of this, the agency will likely have even less tolerance for delays and errors, which will put a greater onus on organizations to respond to all correspondence quickly and accurately.

To compensate for its pared-back workforce and budget, the IRS has been instructed to ramp up efforts to modernize its infrastructure and adopt new technology, including AI chatbots. These changes signal that the agency is moving toward a technologically driven, self-serve model of operation that demands less of agents – and more of taxpayers.

2 A Shifting Regulatory Environment

From SALT to Pillar Two, there have been major shifts in international and national tax policy in recent years. In 2025, organizations were forced to operate within a regulatory landscape in constant flux – and 2026 will be no different. This year, organizations can expect further updates to tax policy at the local, city, state, federal, and international levels. These include changes to the SEC's tax disclosure guidance and updates to domestic research and development bonuses and clean energy credits.

3 An Increasingly Risky Compliance Landscape

In addition to agency and policy changes, tax teams will have to continue to contend with routine updates to multi-state taxation, employment tax compliance, and auditing processes. Organizations may struggle to navigate this constantly evolving compliance landscape, which can lead to increased risk.

# *Part III:* How to Respond

Tax teams can't control policy or agencies – but they can adopt internal processes that help them weather uncertainty with confidence.

Organizations that process 5,000 to 25,000+ tax and compliance notices annually will struggle to remain compliant and avoid interest exposure in 2026 if their internal processes lack transparency and automation. Because of this, sophisticated, scalable, AI-enabled tax software is no longer a nice-to-have for enterprise tax teams – it's nonnegotiable. And tax teams agree: according to Thomson Reuters' 2025 Corporate Tax Department Technology Report, 88% of respondents surveyed said they anticipate AI being central to their workflows within the next five years.

In 2025, NOTICE**NINJA** released a number of features designed to help tax teams respond to notices more quickly, consistently, and accurately – and navigate evolving agencies and policies with greater ease.

## At a high level, those updates included:
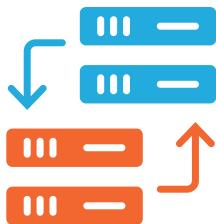
Faster Intake & Routing

NOTICE**NINJA** tightened capture and accelerated routing, so more work can be accomplished more quickly, with fewer handoffs.

Stronger Document Control

NOTICE**NINJA** strengthened document handling, controls, and e-sig and eFax capabilities to streamline approvals while maintaining clean audit trails.

Visibility to Manage Risk

NOTICE**NINJA** launched new dashboards and more sophisticated reporting to help teams recognize patterns and identify potential risks.

NOTICENINJA.COM // 949-415-2161 // SALES@NOTICENINJA.COM

To see how your team's performance compares, and learn how NOTICE**NINJA** can transform your organization's approach to tax and compliance notice management, <u>contact us</u> to schedule your 2026 readiness assessment.

*"The adoption of NOTICE**NINJA** transformed our tax operations significantly, reducing processing times and allowing our team to focus on critical analytical work."*

– *V*P of tax, Private equity firm

About NOTICE**NINJA**

Tax, finance, and compliance teams rely on NOTICE**NINJA** to process government tax notices in 30 days – and avoid penalties, non-compliance, and sequential notices. The cloud-based platform uses optical character recognition (OCR), machine learning, and AI-enabled workflows to automate the full lifecycle of tax notice management, from intake, document management, and tracking to resolution, audits, and refund recovery. With real-time visibility and centralized control, NOTICE**NINJA** takes the guesswork (and grunt work) out of tax notice compliance – saving thousands of hours and enabling teams to focus on higher-value work.

More: **www.noticeninja.com**