

Goal: Getting Payments Right

Program or Activity
Earned Income Tax Credit

Reporting Period
Q3 2019

Change from Previous FY (\$M)

\$984M

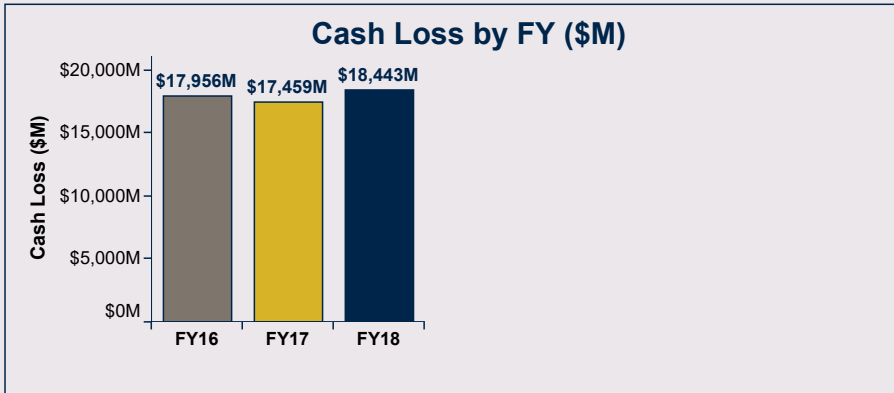


TREASURY

Earned Income Tax Credit

Brief Program Description:

Earned Income Tax Credit (EITC) is a refundable tax credit for working families with low to moderate incomes. EITC reduces the amount of tax you owe and may give you a refund. To qualify, taxpayers must meet certain requirements and file a tax return



Key Milestones	Status	ECD
1 Finalize estimated cash loss estimation methodology	On-Track	Sep-19
2 Identify estimated cash loss amount for FY 2018	On-Track	Sep-19
3 Identify true root causes of cash loss	On-Track	Sep-19
4 Develop mitigation strategies to get the payment right the first time	On-Track	Aug-19
5 Evaluate the ROI of the mitigation strategy	At Risk	Sep-19
6 Determine which strategies have the best ROI to prevent cash loss	At Risk	Sep-19

Quarterly Progress Goals	Status	Notes	ECD
1 Q3 2019 Reject electronic returns with missing or inconsistent information via math error.	On-Track	Approximately, 94% of EITC returns are filed electronically.	Sep-19
2 Q3 2019 Conduct EITC pre-refund audits.	On-Track	Over 300K audits are conducted annually and about 80% are pre-refund.	Sep-19

Recent Accomplishments	Date
1 Hosted Software Developer Working Group meeting to improve return preparer compliance with due diligence requirements. Meeting provides forum for IRS to share administrative updates and members of tax software associations to share preparer feedback.	May-19
2 Document Matching: IRS conducted its post-refund document matching process that compares income reported on tax returns with income reported by the employer.	Jun-19
3 Held Dependent Database mtg. with Wage & Investment, Small Business & Self Employed, and IT, to evaluate value of prior year compliance filters for audit selection, assess improvement opportunities for next filing season, and reviewed new legislation	Jun-19

FY18 Amt(\$)	Root Cause	Root Cause Description	Mitigation Strategy	Anticipated Impact of Mitigation
\$17,337M	Inability to authenticate eligibility: data needed does not exist	Approximately \$17,336.87 million, of EITC IPs are from the inability to authenticate eligibility. This includes errors with the inability to authenticate qualifying child eligibility requirements, and taxpayer income misreporting.	IRS will continue examinations, math error notices, return preparer initiatives, etc. IRS will continue outreach/education programs, and work with Treasury on legislative proposals to improve compliance and reduce IP.	Reduce taxpayer error pre-filing and post-filing; educate taxpayers and paid preparers on the law and common filing errors.
\$1,107M	Program design or structural issues	Approximately \$1,106.61 million, or six percent, of improper payments are from program design limitations. Errors caused by program design occur when information needed to confirm payment accuracy is not available at the time the return is processed.	IRS will continue current efforts such as examinations, document matching, criminal investigation, etc. IRS will also continue outreach/education programs, and work with Treasury on legislative proposals to improve compliance and reduce IP.	Reduce taxpayer error pre-filing and post-filing; educate taxpayers and paid preparers on the law and common filing errors.

Cash Loss - Cash loss to the Government includes amounts that should not have been paid and in theory should/could be recovered.