

Payment Integrity Scorecard

Program or Activity Earned Income Tax Credit	Reporting Period Q3 2021
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Change from Previous FY (\$M)

-\$1,309M



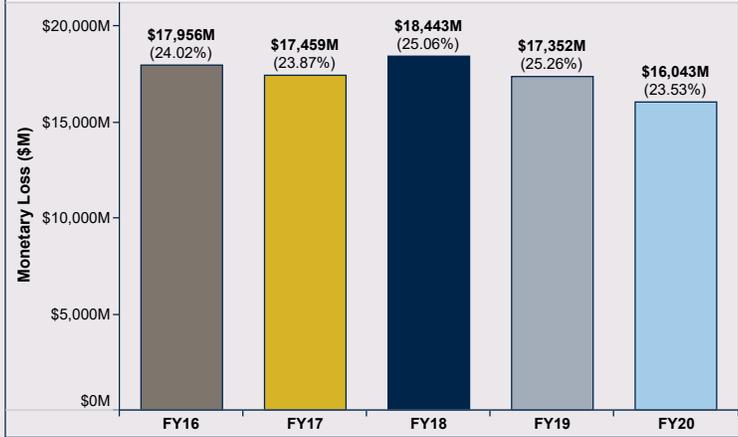
Treasury
Earned Income Tax Credit

Brief Program Description:

The 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 Develop mitigation strategies to get the payment right the first time	On-Track	Aug-21
2 Evaluate the ROI of the mitigation strategy	At Risk	Sep-21
3 Determine which strategies have the best ROI to prevent cash loss	At Risk	Sep-21
4 Implement new mitigation strategies to prevent cash loss	On-Track	Oct-21
5 Analyze results of implementing new strategies	On-Track	Sep-21
6 Achieved compliance with PIIA	On-Track	Sep-21
7 Identified any data needs for mitigation	On-Track	Sep-21

Monetary Loss (\$M)
(Overpayment as Percentage of Total Outlays)



Goals towards Reducing Monetary Loss	Status	ECD
1 Q3 2021 Reject electronic returns with missing or inconsistent information via math error.	On-Track	Sep-21
2 Q3 2021 Conduct pre-refund audits.	On-Track	Sep-21

Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1 Recovery Activity	IRS conducts post refund audits selected by the Dependent Database (DDb) to recapture payments that were made to ineligible taxpayers or payments in the wrong amount that were made to eligible taxpayers	Examination Closures
2 Recovery Activity	IRS matches payer information in the Information Returns Master file with taxpayer return information in the Individual Master File to verify the taxpayer reported all income as required. Post refund statutory adjustments occur.	Document Matching
3 Recovery Activity	IRS sends letters to alert taxpayers that a qualifying child for the EITC claimed on their returns had also been claimed by another person. Taxpayers are informed to file amended return if the credit was claimed in error or in the incorrect amount.	Soft Notices

Accomplishments in Reducing Monetary Loss			Date
1	Dependent Database Meeting - The IRS held its annual Dependent Database meeting with stakeholders in the Wage & Investment, Small Business & Self Employed, and IT divisions, to evaluate the effectiveness of prior-year compliance filters.		Jun-21
2	Software Developer Working Group (SDWG) - Continued partnership with key tax software associations. The 3rd qtr. SDWG meeting was held to discuss concerns with preparer community related to record-keeping and requirements for due diligence.		Jul-21
3	Two- and Ten-Year Bans - For FY 2021 through July, the IRS imposed two and ten-year bans for cases where the Service determined during EITC audits that the taxpayer intentionally disregarded the rules and regulations or committed fraud.		Jul-21

Amt(\$)	Root Cause of Monetary Loss	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$15,080M	Inability to authenticate eligibility; data needed does not exist	Approximately \$15 billion, or 91%, of EITC overclaims 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 overclaims.	Reduce taxpayer filing errors, educate taxpayers and paid preparers on the law and common filing errors.
\$963M	Other reason	Approximately \$1 billion, or 9%, of overclaims 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 overclaims.	Reduce taxpayer filing errors; educate taxpayers and paid preparers on the law and common filing errors.

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