

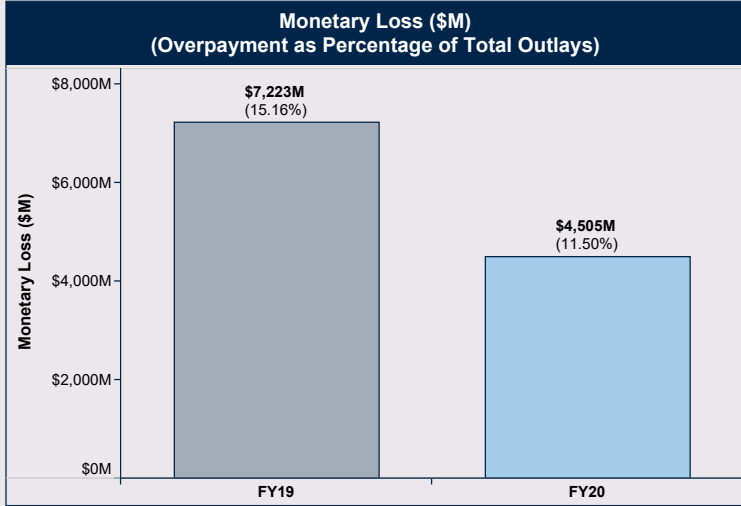
Payment Integrity Scorecard

Program or Activity Additional Child Tax Credit	Reporting Period Q4 2021
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Change from Previous FY (\$M)	-\$2,719M	
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Treasury
Additional Child Tax Credit

Brief Program Description:
The ACTC is a refundable tax credit for working families to offset the cost of raising children. Taxpayers may receive the ACTC if their Child Tax Credit is greater than the total amount of income taxes owed.



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

Goals towards Reducing Monetary Loss	Status	ECD			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">1</td> <td style="width: 10%;">Q4 2021</td> <td style="width: 85%;">Reject electronic returns with missing or inconsistent information via math error.</td> </tr> </table>	1	Q4 2021	Reject electronic returns with missing or inconsistent information via math error.	Completed	Sep-21
1	Q4 2021	Reject electronic returns with missing or inconsistent information via math error.			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">2</td> <td style="width: 10%;">Q4 2021</td> <td style="width: 85%;">Conduct pre-refund audits.</td> </tr> </table>	2	Q4 2021	Conduct pre-refund audits.	Completed	Sep-21
2	Q4 2021	Conduct pre-refund audits.			

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 Dependent Database (DDb) to recapture payments that were made to ineligible taxpayers or payments in the wrong amount that were made to eligible taxpayers. Taxpayers are informed to file amended returns.	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.	Document Matching
3 Recovery Activity	IRS sends letters to alert taxpayers that a qualifying child for the ACTC claimed on their returns had also been claimed by another person. Taxpayers are informed to file amended returns if the credit was claimed in error or in the incorrect amount.	Soft Notices

Accomplishments in Reducing Monetary Loss	Date
1 Refundable Credits Participation Working Group (RCPWG) - IRS continued to partner with internal and external stakeholders to explore opportunities to increase ACTC participation.	Sep-21
2 Software Developer Working Group (SDWG) - Continued partnership with key tax software associations. During the 4th quarter SDWG meeting, various due diligence scenarios were discussed based on audit concerns raised by the participants.	Sep-21
3 Through September 2021, IRS has imposed 192 ACTC two-year bans and 61 ACTC ten-year bans for examinations where the Service determined that the taxpayer intentionally disregarded the rules and regulations or committed fraud.	Sep-21

Amt(\$)	Root Cause of Monetary Loss	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$4,234M	Inability to authenticate eligibility; data needed does not exist	Approx. 94% of ACTC overclaims are from the inability to authenticate qualifying child eligibility requirements and taxpayer income misreporting because the data needed does not exist at the time of filing.	The 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.
\$270M	Other reason	Approximately \$0.27 billion, or 6%, of ACTC 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.	The IRS will continue current efforts such as examinations, math error, 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.