

Payment Integrity Scorecard

Program or Activity
Internal Revenue Service -
Earned Income Tax Credit

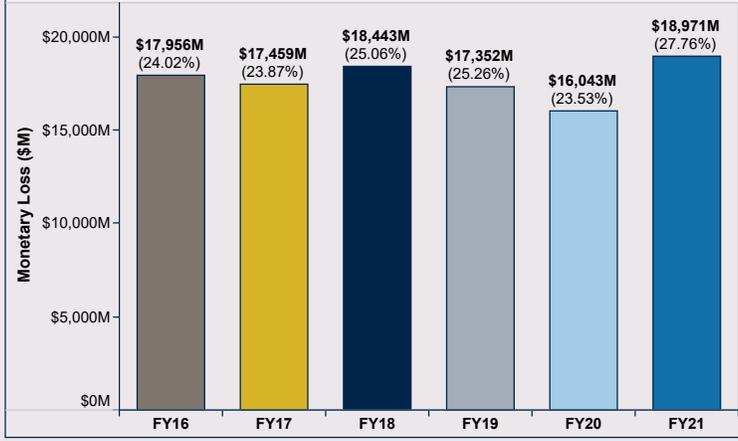
Reporting Period
Q2 2022

Change from Previous FY (\$M) **\$2,928M**

Treasury
Internal Revenue Service - 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.

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



Key Milestones	Status	ECD
1 Develop mitigation strategies to get the payment right the first time	On-Track	Sep-22
2 Evaluate the ROI of the mitigation strategy	At Risk	Sep-22
3 Determine which strategies have the best ROI to prevent cash loss	At Risk	Sep-22
4 Implement new mitigation strategies to prevent cash loss	On-Track	Oct-22
5 Analyze results of implementing new strategies	On-Track	Sep-22
6 Achieved compliance with PIIA	At Risk	Sep-25
7 Identified any data needs for mitigation	On-Track	Sep-22

Goals towards Reducing Monetary Loss	Status	ECD
1 Q2 2022 Reject electronic returns with missing or inconsistent information via math error.	On-Track	Sep-22
2 Q2 2022 Conduct pre-refund audits.	On-Track	Sep-22

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 information 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 The IRS delivered its "Keys to Mastering Due Diligence Requirements" webinar, which included guidance on paid preparer due diligence requirements for the EITC and head of household filing status.	Jan-22
2 The IRS partnered with more than 1,500 key stakeholders to hold its annual EITC Awareness Day, a nationwide effort to increase awareness about the EITC and its filing requirements.	Jan-22
3 Refundable Credits Participation Working Group- The 2nd quarter meeting was held to discuss ways IRS could increase the effectiveness of its outreach efforts and share useful tools with partners to increase refundable credit compliance and awareness.	Mar-22

Amt(\$)	Root Cause of Monetary Loss	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$17,833M	Overpayments outside the agency control that occurred because the Data/Information Needed Does Not Exist.	This root cause category, accounting for \$17.8 billion or 94% of EITC overclaims, includes errors with the inability to authenticate qualifying child eligibility requirements and taxpayer income misreporting.	Statutory Change - Proposed changes to statute that would change conditions giving rise to improper payments	The ability to verify EITC eligibility at time of filing would decrease improper payments and reduce taxpayer filing errors and educate taxpayers and paid preparers on the law and common filing errors
\$1,138M	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	Errors in this root category, accounting for \$1.1 billion or 6% of EITC overclaims, occur when information needed to confirm payment accuracy is not available at the time the return is processed.	Statutory Change - Proposed changes to statute that would change conditions giving rise to improper payments	If the ability to confirm payment accuracy is available at the time the return is processed it would reduce improper payments.

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