

Payment Integrity Scorecard

Program or Activity
Internal Revenue Service -
Additional Child Tax Credit

Reporting Period
Q3 2022

Change from Previous FY (\$M)

\$714M

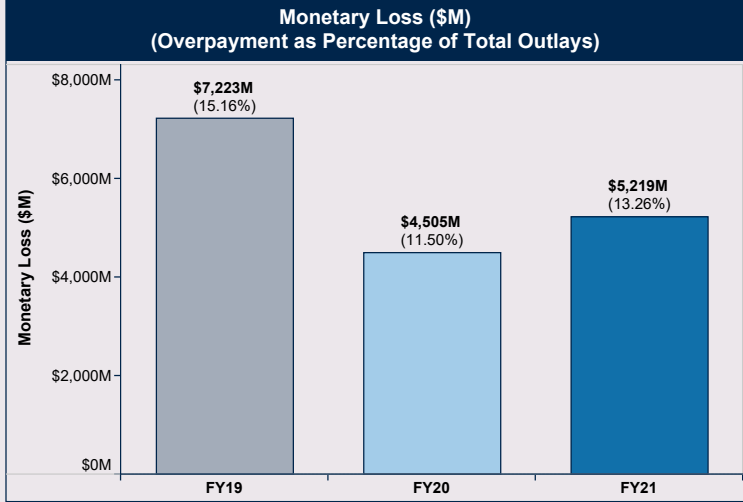


Treasury
Internal Revenue Service - Additional Child Tax Credit

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	On-Track	Aug-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 Q3 2022 Conduct pre-refund audits.	On-Track	Sep-22
2 Q3 2022 Reject electronic returns with missing or inconsistent information via math error.	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 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 Software Developer Working Group-The 3rd quarter SDWG meeting was held provide an overview of The American Rescue Plan of 2021 changes related to the CTC, including the End of Year Letter 6419, and the reconciliation of the advance CTC.	Apr-22
2 Dependent Database (DDb) Meeting – The IRS held its annual DDb meeting with stakeholders in the Wage & Investment, Small Business & Self Employed, and IT divisions, to evaluate the value of prior-year compliance filters for audit selection.	Jun-22
3 Refundable Credits Participation Working Group- During the third quarter RCPWG meeting, IRS shared online tools and other resources to assist tax professionals and their clients through the advance child tax credit reconciliation process.	Jun-22

Amt(\$)	Root Cause of Monetary Loss	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$4,906M	Overpayments outside the agency control that occurred because the Data/Information Needed Does Not Exist.	This root cause category, accounting for \$5 billion or 94% of ACTC overclaims, includes errors caused by 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	Ability to authenticate qualifying child eligibility requirements at time of filing will decrease improper payments. Reduce taxpayer filing errors, educate taxpayers and paid preparers on the law and common filing errors.
\$313M	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	This root cause category, accounting for \$0.31 billion or 6% of ACTC overclaims, includes errors caused by program design 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	The ability to authenticate qualifying child eligibility requirements at time of filing will decrease improper payments.

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