Goals towards Reducing Monetary Loss

1. On-Track
   - Develop mitigation strategies to get the payment right the first time
   - Determine which strategies have the best ROI to prevent cash loss
   - Implement new mitigation strategies to prevent cash loss
   - Achieve compliance with PIIA
   - Analyze results of implementing new strategies
   - Identified any data needs for mitigation

2. At Risk
   - Evaluate the ROI of the mitigation strategy

3. Key Milestones
   - Software Developer Working Group (SDWG) - The third quarter SDWG meeting was held to assist preparers in meeting their due diligence. Topics discussed included an overview of The American Opportunity Tax Credit (AOTC) and ways IRS could increase the effectiveness of its AOTC-related outreach efforts.
   - Dependent Database (DDb) Meeting - The IRS held its annual DDb meeting with stakeholders to evaluate the value of prior-year compliance filters for audit selection and to identify improvement opportunities for next filing season.
   - Refundable Credits Participation Working Group (RCPWG) - The third quarter RCPWG meeting was held to discuss ways IRS could increase the effectiveness of its AOTC-related outreach efforts.

Accomplishments in Reducing Monetary Loss

1. Software Developer Working Group (SDWG) - The third quarter SDWG meeting was held to assist preparers in meeting their due diligence. Topics discussed included an overview of The American Rescue Plan of 2021 (ARP) changes.
   - Date: Apr-22

2. Dependent Database (DDb) Meeting - The IRS held its annual DDb meeting with stakeholders to evaluate the value of prior-year compliance filters for audit selection and to identify improvement opportunities for next filing season.
   - Date: Jun-22

3. Refundable Credits Participation Working Group (RCPWG) - The third quarter RCPWG meeting was held to discuss ways IRS could increase the effectiveness of its AOTC-related outreach efforts.
   - Date: Jun-22

<table>
<thead>
<tr>
<th>Amt($)</th>
<th>Root Cause of Monetary Loss</th>
<th>Root Cause Description</th>
<th>Mitigation Strategy</th>
<th>Brief Description of Mitigation Strategy and Anticipated Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,180M</td>
<td>Overpayments outside the agency control that occurred because of an inability to Access the Data/Information Needed.</td>
<td>Information needed to confirm payment accuracy is not available at the time the return is processed or when IRS does not have authority to enforce eligibility requirements when it does have the necessary information at the time returns are processed.</td>
<td>Statutory Change - Proposed changes to statute that would change conditions giving rise to improper payments.</td>
<td>Verifying AOTC eligibility at time of filing will allow us to reduce improper payments.</td>
</tr>
<tr>
<td>$693M</td>
<td>Overpayments outside the agency control that occurred because of the Data/Information Needed Does Not Exist.</td>
<td>This root cause includes errors that IRS can only verify via audit since no data exists to support automated compliance checks.</td>
<td>Statutory Change - Proposed changes to statute that would change conditions giving rise to improper payments.</td>
<td>Verifying AOTC eligibility at time of filing will allow IRS to reduce improper payments and to reduce taxpayer filing errors and educate taxpayers and paid preparers on the law and common filing errors.</td>
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</tbody>
</table>

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