

# Payment Integrity Scorecard

**Program or Activity**  
Internal Revenue Service - Refundable Premium Assistance Tax Credit

**Reporting Period**  
Q1 2025

**FY 2024 Overpayment Amount (\$M)\*** **\$658**

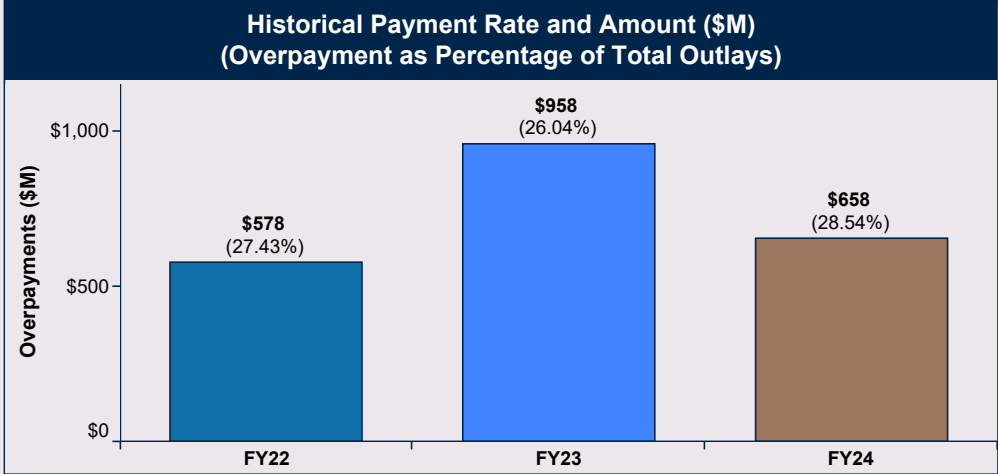
\*Estimate based a sampling time frame starting 1/2020 and ending 12/2021



**Treasury**  
Internal Revenue Service - Refundable Premium Assistance Tax Credit

**Brief Program Description & summary of overpayment causes and barriers to prevention:**

The Net Premium Tax Credit (PTC) is a refundable credit that helps eligible individuals and families cover the premiums for their health insurance purchased through the Marketplace. Approximately \$0.57B of Net PTC overclaims are from the inability to authenticate eligibility because the data needed does not exist. Approximately \$0.09B of Net PTC overclaims are from program design limitations. Barriers caused by program design occur when information needed to confirm payment accuracy is not available at the time the return is processed. Authentication is difficult because the IRS relies primarily on the self-reported information from the taxpayers and there is a lack of databases available that would help IRS determine eligibility.



**Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments**

Pre-Refund Examinations - The IRS identifies tax returns and amended returns for examination and holds the refundable credit portion of the refund (or, in the case of amended returns, prevents the issuance of the refund) until an audit can be completed. Math Error Adjustments - Automated process in which the IRS has been granted statutory authority to identify certain math or other computational irregularities and automatically adjusts the return for the taxpayer. Pre-Refund Automated Questionable Credit Program - Automated program designed to protect revenue by covering returns that are currently untreated or undertreated by other available programs across the IRS.

Accomplishments in Reducing Overpayment		Date
1	Frequently Asked Questions - The IRS recently updated the frequently asked questions (FAQs) in Fact Sheet 2024-30 for the Premium Tax Credit. This update provided quick and efficient answers to common questions and concerns.	Sep-24
2	National Tax Forums - The IRS hosted the annual tax forums that offered tax professional the opportunities to learn the latest news and gain valuable insight on the tax industry from IRS leaders and experts. Nearly 12,000 preparers attended the presentations.	Sep-24
3	Software Developers Working Group - The IRS will continue partnerships with members of tax software associations to identify software enhancements and collaborative efforts that can help reduce the Net PTC errors made by taxpayers and paid preparers.	Oct-24

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Goals towards Reducing Overpayments		Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Conduct pre-refund audits.	On-Track	Sep-25	1 <b>Recovery Activity</b>	Examination Closures * The IRS uses the Dependent Database (Ddb), a risk-based scoring and selection application that is designed to identify potentially ineligible tax returns claiming refundable credits. The IRS conducted post refund audits selected by DDb to recapture payments that were made to potentially ineligible taxpayers or payments for the wrong amount that were made to eligible taxpayers.	Examination and Automated Questionable Credit Closures * Through the first quarter of FY25, the IRS completed treatments for 665 returns claiming the PTC, protecting more than \$1.8M.
2	Reject electronic returns with missing or inconsistent information via math error.	On-Track	Sep-25	2 <b>Recovery Activity</b>	Ghost Preparer Letter 6623 * This letter was sent to taxpayers whose tax returns appear to have been completed by a paid tax preparer who did not sign and include their preparer tax identification number on the tax return. The data gathered from phone calls received from the letters will be integrated and refined for the selection process next fiscal year to identify patterns, correlations and anomalies that will assist in developing future strategies.	The IRS issued approximately 10,000 Ghost Preparer Letters 6623, Correspondence Sent to Taxpayers to Request Paid Tax Preparer Information, to taxpayers nationwide for returns prepared by ghost preparers that included EITC, ACTC, AOTC and Net PTC.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$572M	Overpayments outside the agency control that occurred because the Data/Information Needed Does Not Exist.	Approximately \$0.57B of Net PTC overclaims are from the inability to authenticate eligibility because the data needed does not exist.	Change Process altering or updating a process or policy to prevent or correct error.	The IRS will continue to hold its annual Dependent Database (Ddb) meeting with stakeholders to evaluate the value of prior-year compliance filters for audit selection of returns claiming the Net PTC and identify improvement opportunities for next filing season.
\$86M	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	Approximately \$0.09B of Net PTC overclaims are from program design limitations. Barriers caused by program design occur when information needed to confirm payment accuracy is not available at the time the return is processed.	Cross Enterprise Sharing - sharing of documents, processes, and opportunities with intra-agency partners and stakeholder. Potentially managed through federated repositories and a registry to create a longitudinal connection to information used to mitigate Improper Payments.	The IRS will continue to collaborate with the Department of Health and Human Services, Centers for Medicare and Medicaid Services through the Premium Tax Credit Workgroup and Sub-Workgroup on issues related to improper payments for the Net PTC.