

Payment Integrity Scorecard

Program or Activity

Internal Revenue Service - Earned Income Tax Credit

Reporting Period

Q2 2026

FY 2025 Overpayment Amount (\$M)*

\$21,146

*Estimate based a sampling time frame starting 1/2023 and ending 12/2023



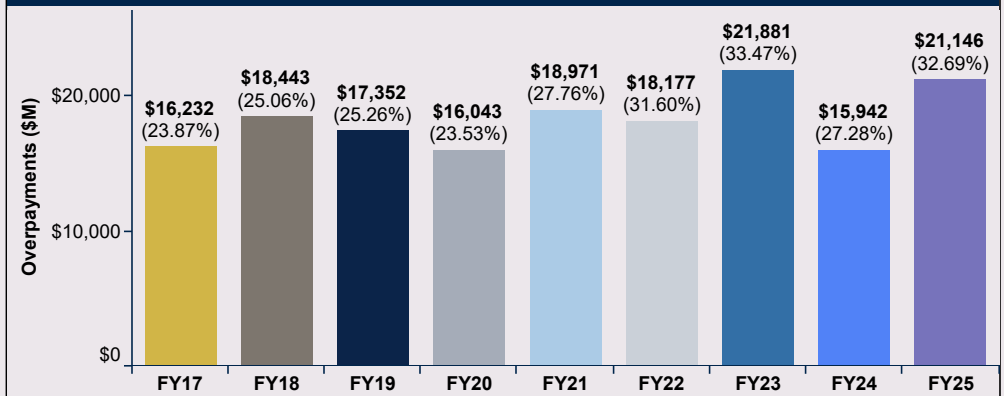
TREASURY

Internal Revenue Service - Earned Income Tax Credit

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

The Earned Income Tax Credit (EITC) is a refundable tax credit for working families with low to moderate incomes. Approximately \$19.88B of overpayments are from the inability to authenticate qualifying child eligibility requirements and misreported taxpayer income. Authentication is difficult because the IRS relies primarily on the self-reported information from the taxpayers and there is a lack of internal or external databases available with information that would help the IRS determine eligibility. Approximately \$1.27B of EITC 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.

Historical Payment Rate and Amount (\$M) (Overpayment as Percentage of Total Outlays)



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 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 - The IRS uses an automated process where it 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 - The IRS uses an automated program designed to protect revenue by covering returns that are currently untreated or undertreated by other available programs across the IRS.
- Return Preparer Strategy Program - The IRS administers a program to help address issues related to high-risk preparers and improve compliance. The program identifies preparers who submit significant numbers of tax returns with over-claimed refundable credits or errors related to the head of household filing status.

Accomplishments in Reducing Overpayment

Date

		Date
1	Return Preparer Strategy Filing Season Outreach - The IRS issued Letter 4858, You May Not Have Met Your Due Diligence Requirements, to nearly 8,800 paid tax return preparers.	Mar-26
2	Refundable Credit Webinars - The IRS presented four webinars to educate the tax preparer community on refundable credit eligibility requirements including the EITC, due diligence responsibilities, and educational resources on IRS.gov.	Jan-26
3	EITC Awareness Day - The IRS hosted the 20th annual EITC Awareness Day, a nationwide, multilingual communication effort to increase awareness of EITC eligibility, encourage participation, and to educate taxpayers on how to accurately claim the credit.	Jan-26

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Goals towards Reducing Overpayments		Status	ECD	Recovery Method	Overpayments Recover Plan	No Measure Value	Brief Description of Actions Taken to Recover Overpayments
1	Reject electronic returns with missing or inconsistent information via math error.	On-Track	Sep-26	1	Recovery Activity	Examination Closures - 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.	Examination Closures - In the second quarter of FY26, the IRS completed examinations of nearly 14,300 returns claiming high-priority refundable tax credits, including the EITC, protecting \$82.7M.
				2	Recovery Activity	Document Matching - 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 - 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.
2	Conduct pre-refund audits.	On-Track	Sep-26	3	Recovery Activity	Soft Notices - IRS sends letters to alert taxpayers that a qualifying child claimed on their return has also been claimed by another person. Taxpayers are informed to file amended returns if the credit was claimed in error or for the incorrect amount.	Soft Notices - For FY26, the IRS issued more than 171,300 Soft Notices, alerting taxpayers that a qualifying child for the EITC claimed on their return has also been claimed by another person. In addition, the IRS issued approximately 20,000 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. The data gathered from the phone calls received from the letters will be integrated and refined for the next fiscal year selection process to identify patterns, correlations and anomalies that will assist in developing future strategies.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$19,877M	Overpayments that occurred because the Data/Information Needed Does Not Exist.	Approximately \$19.88B of overpayments are from the inability to authenticate qualifying child eligibility requirements and taxpayer income misreporting. Authentication is difficult because the IRS relies primarily on the self-reported information from taxpayers.	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 leverage data sharing pursuant to various interagency agreements, to more accurately validate refunds entitled to a taxpayer; thus, allowing the IRS to enforce laws passed by Congress more effectively.
\$1,269M	Overpayments that occurred because of an Inability to Access the Data/Information Needed.	Approximately \$1.27B of the EITC 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.	Change Process - altering or updating a process or policy to prevent or correct error.	The IRS will also continue to hold its annual Dependent Database (DDb) meetings with stakeholders, to evaluate the value of prior-year compliance filters for audit selection of returns claiming the EITC and identify improvement opportunities for the next filing season.