

Payment Integrity Scorecard

Program or Activity Internal Revenue Service - Earned Income Tax Credit	Reporting Period Q4 2025	FY 2024 Overpayment Amount (\$M)*	\$15,942
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*Estimate based a sampling time frame starting 1/2020 and ending 12/2021



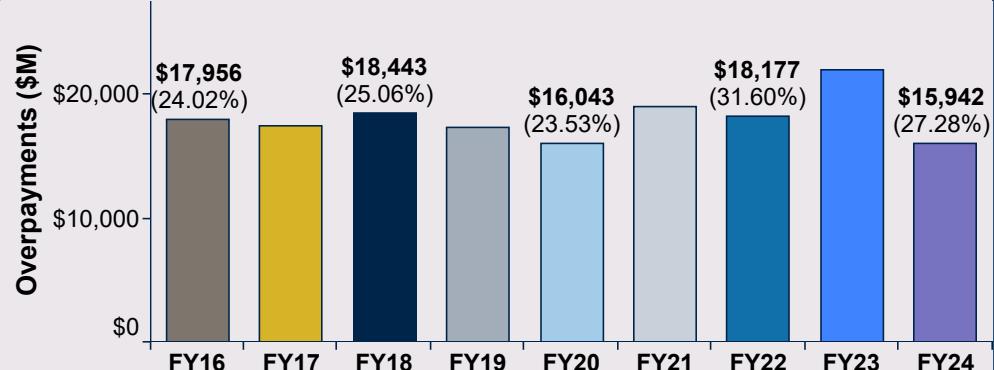
TREASURY

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. \$19.88B of overpayments are from the inability to authenticate qualifying child eligibility requirements and misreported taxpayer income. Authentication is complex 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. \$1.27B of EITC overclaims are due to the lack of validation data needed to confirm payment accuracy at the time the tax 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
1	Software Developer Working Group (SDWG) – In May 2025, the IRS continued its partnership with members of key tax software associations by holding its quarterly meeting to reduce refundable credit errors and improve software-driven accuracy and claim validation.	Jun-25
2	Form 886-H-EIC Toolkit – The IRS launched the redesigned, interactive Form 886-H-EIC Toolkit on IRS.gov to help taxpayers identify the documents they need to submit to verify their eligibility for EITC based on their specific circumstances.	Sep-25
3	IRS Nationwide Tax Forum – During the fourth quarter of FY 25, the IRS delivered two presentations at its annual Tax Forum to increase paid tax preparers' understanding of the eligibility rules for the refundable credits, including EITC and their due diligence requirements.	Sep-25

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Internal Revenue Service - Earned Income Tax Credit

Reporting Period
Q4 2025

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.	Completed	Sep-25		1 Recovery Activity	Examination Closures – IRS uses the DDb, a risk-based scoring and selection application that is designed to identify potentially ineligible tax returns claiming refundable credits.	Examination Closures – Through the fourth quarter of FY 25, the IRS completed examinations of more than 92,800 returns claiming the EITC, protecting nearly \$0.57B. Additionally, the IRS has imposed two- and 10-year bans on 768 taxpayers deemed to have claimed the EITC in reckless and intentional disregard of the law and due to fraud.
					2 Recovery Activity	Soft Notices – IRS sends letters to alert taxpayers that a qualifying child claimed on their return had 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 FY25, the IRS issued 238,200 Soft Notices, alerting taxpayers that a qualifying child for the EITC claimed on their return had 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. 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.
					3 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 – In the fourth quarter of FY25, the IRS continued to use document matching as a recovery activity to confirm taxpayer-reported income for EITC claims, promoting accurate filing and improving compliance while reducing improper payments.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$14,985M	Overpayments outside the agency control that occurred because the Data/Information Needed Does Not Exist.	\$19.88B of EITC overpayments are from the inability to authenticate qualifying child eligibility requirements and taxpayer income misreporting. Authentication is complex because the IRS relies primarily on self-reported information from taxpayers and there is a lack of data.	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.	Cross Enterprise Sharing – 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.
\$957M	Overpayments outside the agency control that occurred because of an inability to Access the Data/Information Needed.	\$1.27B of the EITC overpayments are from the inability to authenticate eligibility because the data is not available when the tax return is processed.	Change Process – altering or updating a process or policy to prevent or correct error.	Change Process – The IRS will also continue to hold its annual DDb meeting with stakeholders to evaluate the value of prior-year compliance filters for audit selection of returns claiming the EITC and identify improvement opportunities for next filing season.