

Payment Integrity Scorecard

Program or Activity Internal Revenue Service - Refundable Premium Assistance Tax Credit	Reporting Period Q4 2025	FY 2024 Overpayment Amount (\$M)*	\$658
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*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. \$0.72B of Net PTC overclaims are from the inability to authenticate eligibility. \$0.11B of Net PTC overclaims are from program design limitations because the data needed to confirm payment accuracy does not exist at the time of processing. 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.

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 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	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.	May-25
2	Annual Dependent Database (DDb) Meeting – In June 2025, the IRS held its annual DDb meeting to assess prior-year compliance filters for PTC claims. The review identified improvements to enhance audit selection to reduce improper payments.	Jun-25
3	Premium Tax Credit (PTC) Audits – The IRS continued piloting an advanced, machine learning scoring model to improve selection PTC cases for examination, increasing audit effectiveness and supporting efforts to reduce improper payments and strengthen payment integrity.	Sep-25

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Internal Revenue Service - Refundable Premium Assistance 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 – The IRS uses the 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 – In the fourth quarter of FY25, the IRS completed treatments for more than 3,600 returns claiming the PTC, protecting more than \$17M.
2	Reject electronic returns with missing or inconsistent information via math error.	Completed	Sep-25	2 Recovery Activity	Ghost Preparer Letter 6623 – 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 Earned Income Tax Credit Additional Child Tax Credit, American Opportunity Tax Credit, and Net PTC.	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 Earned Income Tax Credit Additional Child Tax Credit, American Opportunity Tax Credit, 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.	\$0.72B of Net PTC overclaims are from the inability to authenticate eligibility because the data needed is not available.	Change Process – altering or updating a process or policy to prevent or correct error.	Change Process – The IRS will 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 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.	\$0.11B of Net PTC overclaims are from the inability to confirm payment accuracy because the information needed 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.	Cross-Enterprise Sharing – 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.