Payment Integrity Scorecard

Program or Activity	Reporting Period	FY 2025 Overpayment Amount ($M)*	$829
Internal Revenue Service - Refundable Premium Assistance Tax Credit	Q4 2026		

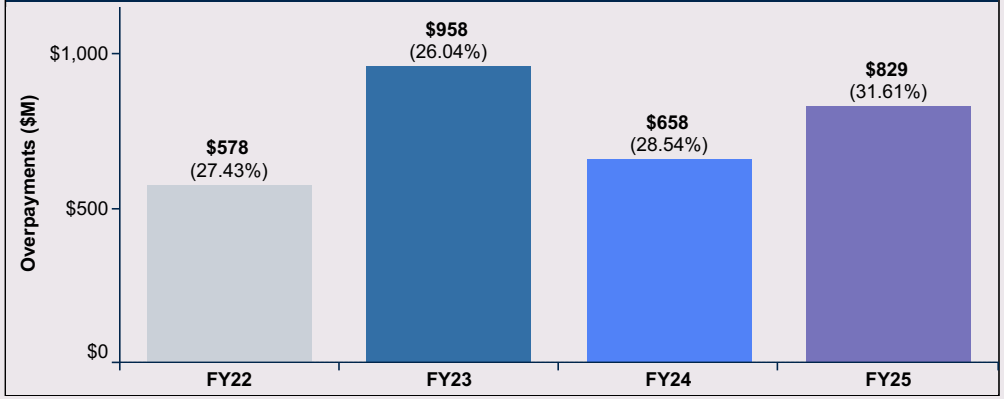
*Estimate based a sampling time frame starting 1/2023 and ending 12/2023

TREASURY
Internal Revenue Service - Refundable Premium Assistance Tax Credit

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

The 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 $0.9B of Net PTC overclaims are from the inability to authenticate eligibility because the data needed does not exist. Authentication is difficult because the IRS relies primarily on the self-reported information from the taxpayers and there is a lack of databases available with information to help the IRS determine eligibility. Approximately $0.1B 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.

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	The IRS launched a PTC overview page on IRS.gov with eligibility, filing and reconciliation guidance to reduce errors in determining taxpayers' PTC eligibility. The page received over 40,000 page views this filing season.	Nov-25
2	The IRS released updates to its Interactive Tax Assistant (ITA) to strengthen compliance, generating more than 1.4 million completed sessions. The ITA answers tax law questions and can determine whether a taxpayer is eligible to claim certain credits or deductions.	Oct-25
3	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.	Oct-25

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

Reporting Period
Q4 2026

	Goals towards Reducing Overpayments	Status	ECD
1	Reject electronic returns with missing or inconsistent information via math error.	On-Track	Sep-26
2	Conduct pre-refund audits.	On-Track	Sep-26

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Recovery Audit	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 — In the fourth quarter of FY26, the IRS completed examinations of more than 28,980 returns including the PTC, and closed more than 1890 Automated Questionable Credit cases, protecting more than $184M.
2	Recovery Activity	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 the 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.	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 EITC, ACTC, AOTC and net PTC. The data gathered from the phone calls received from the letters will be integrated and refined for the FY 2026 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
$721M	Overpayments that occurred because the Data/Information Needed Does Not Exist.	Approximately $0.9B of the Net PTC overclaims are from the inability to authenticate eligibility because the data needed does not exist. The IRS relies primarily on self-reported information and there is a lack of databases available to help determine eligibility.	Change Process – altering or updating a process or policy to prevent or correct error.	Change Process – The IRS will continue to hold its Dependent Database (DDb) meetings with stakeholders to evaluate the value of prior-year compliance filters for audit selection of returns claiming the PTC and identify improvement opportunities for next filing season.
$108M	Overpayments that occurred because of an Inability to Access the Data/Information Needed.	Approximately $0.1B of the 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.	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 of the PTC.