

Goal: Getting Payments Right



Treasury
Earned Income Tax Credit

Brief Program Description:

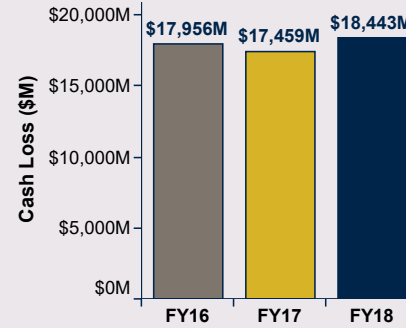
The Earned Income Tax Credit (EITC) is a refundable tax credit for working families with low to moderate incomes. EITC reduces the amount of tax you owe and may give you a refund. To qualify, taxpayers must meet certain requirements and file a tax

Change from Previous FY (\$M)

\$984M



Cash Loss by FY (\$M)



Key Milestones		Status	ECD
1	Finalize cash loss estimation methodology	Completed	Aug-18
2	Identify cash loss amount for FY 2018	Completed	Aug-18
3	Identify true root causes of cash loss	Completed	Sep-18
4	Develop mitigation strategies to get the payment right the first time	Completed	Aug-18
5	Evaluate the ROI of the mitigation strategy	At Risk	Dec-22
6	Determine which strategies have the best ROI to prevent cash loss	At Risk	Dec-22

Quarterly Progress Goals			Status	Notes	ECD
1	Q4 2018	Conduct EITC pre-refund audits.	On-Track	Nearly 300K audits are conducted annually and about 70% are pre-refund.	Dec-18
2	Q4 2018	Reject electronic returns with missing or inconsistent information via math error.	On-Track	Approximately, 94% of EITC returns are filed electronically, and math error authority.	Dec-18

Recent Accomplishments		Date
1	Finalized FY 2019 EITC examination workplan	Jun-18
2	Reviewed and updated rules-based selection application that identifies potentially non-compliant EITC claims	Jun-18
3	Finalized FY 2019 return preparer strategy	Jul-18

FY18 Amt(\$)	Root Cause	Root Cause Description	Mitigation Strategy	Anticipated Impact of Mitigation
\$17,337M	Inability to authenticate eligibility: data needed does not exist	Approximately \$17,336.87 million, of EITC IPs are from the inability to authenticate eligibility. This includes errors with the inability to authenticate qualifying child eligibility requirements, and taxpayer income misreporting.	IRS will continue examinations, math error notices, return preparer initiatives, etc. IRS will continue outreach/education programs, and work with Treasury on legislative proposals to improve compliance and reduce IP.	Reduce taxpayer error pre-filing and post-filing; educate taxpayers and paid preparers on the law and common filing errors.
\$1,107M	Program design or structural issues	Approximately \$1,106.61 million, or six percent, of improper payments are from program design limitations. Errors caused by program design occur when information needed to confirm payment accuracy is not available at the time the return is processed.	IRS will continue current efforts such as examinations, document matching, criminal investigation, etc. IRS will also continue outreach/education programs, and work with Treasury on legislative proposals to improve compliance and reduce IP.	Reduce taxpayer error pre-filing and post-filing; educate taxpayers and paid preparers on the law and common filing errors.