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Payments

The Internal Revenue Service has made no significant improvement in reducing improper Earned Income Tax Credit payments, according to the latest report released by the Treasury Inspector General for Tax Administration.

Oct. 22, 2013

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TIGTA assessed the IRS's efforts to implement Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*. The Order mandates that TIGTA assess the IRS's compliance on an annual basis.

According to the IRS, approximately 21 to 25 percent, or $11.6 billion to $13.6 billion, of EITC payments were issued improperly during Fiscal Year 2012. However, TIGTA found that the IRS's estimates are understated because the laws extending increases in the EITC were not factored into the estimates.

In addition, TIGTA found that the IRS has not established annual improper payment reduction targets as required by law. The IRS is also not in compliance with the quarterly reporting requirement for EITC payments totaling more than $5,000 to TIGTA and the Council of the Inspectors General for Integrity and Efficiency.

IRS management stated that they recently met with the Office of Management and Budget and agreed to develop supplemental measures and indicators in lieu of reduction targets. However, the IRS did not indicate when these measures would be

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TIGTA recommended that the IRS develop processes to identify high-dollar improper EITC payments and report the information to TIGTA and the Council as required by Executive Order 13520. IRS management agreed with TIGTA’s recommendation and plans to take appropriate corrective actions.

Accounting • IRS

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