

Goal: Getting Payments Right

Program or Activity
Additional Child Tax Credit

Reporting Period
Q4 2020

Change from Previous FY (\$M)

N/A

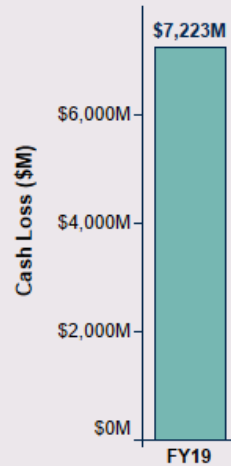


Treasury
Additional Child Tax Credit

Brief Program Description:

The ACTC is a refundable tax credit for working families to offset the cost of raising children. Taxpayers may receive the ACTC if their Child Tax Credit is greater than the total amount of income taxes owed.

Cash Loss by FY (\$M)



Key Milestones		Status	ECD
1	Develop mitigation strategies to get the payment right the first time	Completed	Aug-19
2	Evaluate the ROI of the mitigation strategy	At Risk	Sep-21
3	Determine which strategies have the best ROI to prevent cash loss	At Risk	Sep-21
4	Implement new mitigation strategies to prevent cash loss	Completed	Oct-19
5	Analyze results of implementing new strategies	On-Track	Sep-21

Quarterly Progress Goals			Status	Notes	ECD
1	Q4 2020	Reject electronic returns with missing or inconsistent information via math error.	Completed	Approximately 94% of refundable credit returns are filed electronically and contains either an EITC claim or an ACTC claim.	Sep-20
2	Q4 2020	Conduct pre-refund audits.	Completed	In general, approximately 90% of refundable credit audits were conducted pre-refund.	Sep-20

Recent Accomplishments					Date
1	IRS Nationwide Tax Forum – The IRS hosted its annual tax forum and included a session specific to understanding eligibility rules for the refundable credits including ACTC. The session was attended by over 7,200 participants.				Jul-20
2	Refundable Credits Summit – The IRS hosted its annual summit attended by over fifty stakeholders including representatives from various tax professional industries, federal agencies, consumer advocacy groups, and non-governmental organizations.				Sep-20
3	Software Developer Working Group – The IRS continued its partnership with members of key tax software associations to reduce refundable credit errors and assist preparers in meeting their due diligence requirements.				Sep-20

Amt(\$)	Root Cause	Root Cause Description	Mitigation Strategy	Anticipated Impact of Mitigation
\$6,790M	Inability to authenticate eligibility: data needed does not exist	Approx. \$4.23 billion, or 94%, of ACTC overclaims are from the inability to authenticate qualifying child eligibility requirements and taxpayer income misreporting because the data needed does not exist at the time of filing.	The 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 overclaims.	Reduce taxpayer filing errors, educate taxpayers and paid preparers on the law and common filing errors.
\$433M	Program design or structural issues	Approximately \$0.27 billion, or six percent, of overclaims 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.	The IRS will continue current efforts such as examinations, math error, criminal investigation, etc. IRS will also continue outreach/education programs, and work with Treasury on legislative proposals to improve compliance and reduce overclaims.	Reduce taxpayer filing errors, educate taxpayers and paid preparers on the law and common filing errors.

Cash Loss - Cash loss to the Government includes amounts that should not have been paid and in theory should/could be recovered.