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JANICE MAYS,
MINORITY CHIEF COUNSEL

March 23, 2016

The Honorable John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Commissioner Koskinen:

In 2014, the program with the highest improper payment rate was the Earned Income Tax Credit (EITC), with a rate just over 27 percent totaling $17.7 billion.[1] Within that total, it is estimated that 30 percent of EITC's improper payments are from income verification errors.[2] The Internal Revenue Service's (IRS) current process of relying on an applicant's self-attested income and paying out the EITC before that income is confirmed is not working. It is for situations like this that the U.S. Department of the Treasury developed the Do Not Pay (DNP) portal.

Despite this tool being housed at the U.S. Department of Treasury, and being available to all federal agencies, it is our understanding that this tool is not being fully utilized by the IRS. We are writing you today to confirm your agency's current use of DNP, and specifically what steps the IRS is taking to encourage and increase the utilization of tools, including use of income and employment data from payroll data providers, that would decrease the rate of EITC improper payments.

DNP is the Office of Management and Budget designated source of centralized data and analytic services to help agencies verify eligibility and to identify and prevent fraud, waste, and abuse associated with improper payments. It provides access to a number of databases containing information, which helps agencies determine whether they should pay a beneficiary.

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[1] High Error Programs: Earned Income Tax Credit (EITC), PaymentAccuracy.Gov. https://paymentaccuracy.gov/tracked/earned-income-tax-credit-eitc-2014. Viewed February 24, 2015.

[2] "*Existing Compliance Processes Will Not Reduce the Billions of Dollars in Improper Earned Income Tax Credit and Additional Child Tax Credit Payments*," Treasury Inspector General for Tax Administration, September 29, 2014. (https://www.treasury.gov/tigta/auditreports/2014reports/201440093fr.pdf).

While the recently enacted Protecting Americans from Tax Hikes (PATH) Act of 2015 included several important provisions aimed at reducing the EITC improper payment rate, the DNP is an additional tool that can help achieve that goal. Reducing improper payments is critical to safeguarding federal funds, helping to achieve cost savings, improve the government's fiscal position, and ensure we are meeting the needs of those who are eligible. We appreciate your prompt attention to this request and ask that you please respond by **April 13, 2016**. If you have any questions please contact Rosemary Lahasky at Rosemary.Lahasky@mail.house.gov or by phone at 202-225-1025.

Sincerely,

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Chairman

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