Testimony
Before the Subcommittee on Oversight, Committee on Ways and Means, House of Representatives

TAX REFUNDS
Enhanced Prerefund Compliance Checks Could Yield Significant Benefits

Statement of Michael Brostek, Director
Strategic Issues
TAX REFUNDS

Enhanced Prerefund Compliance Checks Could Yield Significant Benefits

Why GAO Did This Study

In 2010, the Internal Revenue Service (IRS) processed about 137 million individual income tax returns and issued 107 million refunds totaling over $312 billion. The compliance checks it performs before refunds are issued thus could affect millions of taxpayers and billions of dollars of refunds by identifying taxpayers who overclaim or underclaim tax benefits to which they are entitled. Math error authority (MEA) is just one example of the prerefund compliance checks that IRS uses. During 2010, IRS sent taxpayers 8.4 million notices for almost 10.6 million math errors identified on their 2009 individual tax returns.

GAO's statement today will focus on three key areas: (1) prerefund checks and their benefits, (2) how those checks can be enhanced immediately, and (3) how they may be enhanced in the future. It is mostly based on GAO's previous work issued from 2008 through 2011, including an interim report on IRS's 2011 tax filing season, and our ongoing analysis of the 2011 filing season.

What GAO Found

Prerefund compliance checks enable IRS to help confirm taxpayers' identity, quickly and efficiently correct some errors with virtual certainty, and identify and audit some returns before refunds are issued. Math error checks are among the most beneficial of these checks for both IRS and taxpayers. For example, they have the potential to deter billions of dollars in erroneous refunds, especially for refundable tax credits that have increasingly been enacted and that have resulted in significant overclaimed refunds and fraudulent claims. Taxpayers benefit from prerefund checks in several ways, including that IRS identifies those underclaiming benefits. Last year GAO reported that IRS corrected about 7.7 million errors associated with the Making Work Pay credit, including about 60 percent in the taxpayers' favor, meaning that taxpayers received larger refunds (or had lower taxes due) than they had anticipated.

For almost a century, Congress has been expanding IRS's MEA on a case-by-case basis. In 2010, GAO suggested that authorizing the use of MEA on a broader basis with appropriate controls to protect taxpayer rights could help IRS immediately address compliance problems with newly created tax credits. In the absence of broader MEA, from 2008 through 2011, GAO also suggested that Congress expand MEA for more limited purposes as shown below.

<table>
<thead>
<tr>
<th>GAO Math Error Authority Matters for Congressional Consideration</th>
<th>Status (May 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide IRS with math error authority (MEA) to use prior years' tax return information to ensure that taxpayers do not improperly claim credits or deductions in excess of applicable lifetime limits.</td>
<td>Not yet enacted</td>
</tr>
<tr>
<td>Provide IRS with MEA to use prior years' tax return information to automatically verify taxpayers' compliance with the number of years the Hope credit can be claimed.</td>
<td>Not yet enacted</td>
</tr>
<tr>
<td>Provide IRS with MEA to (1) use the prior year's tax return information to automatically verify compliance with the 2008 First-Time Homebuyer Credit payback provision and (2) ensure that homebuyers do not improperly claim the credit in multiple years.</td>
<td>Enacted in Public Law 111-92</td>
</tr>
<tr>
<td>Provide IRS with MEA to identify and correct returns with ineligible (1) individual retirement account (IRA) &quot;catch-up&quot; contributions and (2) contributions to traditional IRAs from taxpayers over age 70½.</td>
<td>Not yet enacted</td>
</tr>
</tbody>
</table>

Source: GAO.

Longer term, other IRS initiatives, such as matching information returns to tax returns during the filing season and leveraging new paid preparer requirements, could enhance compliance before refunds are issued. One prerequisite would be a major reworking of some fundamental IRS computer systems.
Chairman Boustany, Ranking Member Lewis, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss the Internal Revenue Service’s (IRS) prerefund compliance checks and the tools used as part of these checks.

To provide an idea of the universe that these checks could affect, in 2010, IRS processed about 137 million individual income tax returns and issued 107 million refunds totaling over $312 billion. Its compliance checks thus could affect millions of taxpayers and billions of dollars of refunds by identifying taxpayers who overclaim the amount due to them and taxpayers who underclaim tax benefits to which they are entitled.

Before processing refunds, IRS checks returns for clerical and mathematical errors and conducts some additional checks on the information presented in the return. Math error authority (MEA) is just one example of the prerefund compliance checks that IRS uses. In 2010, IRS sent 8.4 million notices to taxpayers for almost 10.6 million math errors identified on their 2009 tax year returns.

We have long highlighted the importance of improving IRS’s prerefund compliance checks as a means to improve compliance while minimizing taxpayer burden. In 1998, we found that inadequate controls over refunds was a material weakness that could adversely affect IRS’s ability to record, process, summarize, and report financial data. We continue to believe that enhanced preventive controls are keys to improving IRS’s ability to correct taxpayer errors by preventing the disbursement of erroneous refunds, thereby saving the federal government potentially billions of dollars.

My statement today will focus on three key areas: (1) prerefund checks and their benefits, (2) how those checks can be enhanced immediately, and (3) how they may be enhanced in the future. It is based mostly on our previous work issued from 2008 through 2011, including our interim report

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1IRS is granted math error authority in 26 U.S.C. § 6213 (b). It can be used for certain purposes specified by Congress in 26 U.S.C § 6213 (g)(2) including correcting calculation errors and checking for other obvious noncompliance such as claims above income and credit limits. If it is not specified in statute, IRS cannot pursue assessment and collection activities without issuing a statutory notice of deficiency.

on IRS's 2011 tax filing season, and our ongoing analysis of the 2011 filing season. Those performance audits were conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Current Prerefund Checks Provide Significant Benefits**

Prerefund compliance checks enable IRS to help confirm taxpayers' identities and ensure that returns have required information, quickly and efficiently correct certain errors with a virtual certainty of being right, identify and audit some returns even before refunds are completed, and help detect possible fraud. Figure 1 shows IRS's prerefund process.

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4 Tax fraud is defined as the willful attempt to defeat or circumvent the tax law in order to illegally reduce one's tax liability.

5 Identity theft becomes a problem for taxpayers and IRS through refund fraud. The name and Social Security number used by identity thieves can be stolen from numerous sources outside of IRS's control. See GAO, Tax Administration: IRS Has Implemented Initiatives to Prevent, Detect, and Resolve Identity Theft-Related Problems, but Needs to Assess Their Effectiveness, GAO-09-882 (Washington, D.C.: Sept. 8, 2009).
Steps to Confirm Taxpayers’ Identities and Ensure That Required Information Is Provided

When tax returns are first received by IRS, the initial process helps correct taxpayer identification errors and ensure taxpayers have filled in all fields that are required for IRS to process the return. The process differs slightly for electronically and paper filed returns. For electronic returns, IRS checks for possible mismatches among taxpayers’ identity information, such as their names, Social Security numbers, and addresses. When mismatches occur, IRS rejects the tax return back to the taxpayer or paid preparer for possible correction. For paper returns, IRS staff review each return to ensure that all forms and data needed to process the return are...
IRS staff then transcribe data from the paper return into IRS computer systems and programming matches taxpayers' identity information if possible. Later on in the process, IRS staff may also correspond with taxpayers or their paid preparers to obtain other missing information, as well as research and correct certain errors that would affect processing the return, such as transposed numbers within Social Security numbers.

**Application of Computerized Filters**

After initial errors are corrected, the return information is captured in IRS's tax return processing systems. At this point, IRS applies additional computerized filters. Some filters identify errors that can be corrected using IRS's MEA. Other filters identify errors that can be addressed through audits either before a complete refund is sent to the taxpayer or afterwards. Finally, still other filters identify possible cases of tax fraud.

**Math Error Authority Checks**

When IRS's computer programs identify errors on returns that can be corrected with virtual certainty, those returns are forwarded to IRS's Error Resolution System (ERS). Despite the name, math errors encompass much more than simple arithmetic errors. They also include, for instance, identifying incorrect Social Security or other taxpayer identification numbers, problems with taxpayers' filing status or claiming of dependents, and missing schedules or forms. Some of these errors are detected from information included on the tax return itself, and some are detected by comparing information on the return to other internal IRS databases or databases of information obtained from others, such as the Social Security Administration.

In ERS, IRS staff manually review the error and enter codes that then automatically generate a notice to the taxpayer that explains the error, identifies the revision in the taxpayer's refund amount—or possibly a new balance due to IRS, and instructs the taxpayer on how to respond if he or she disagrees with the change IRS has made.

**Prerefund and Postrefund Audits**

When IRS filters identify an error not correctable with MEA, the return is placed in queue for possible prerefund or postrefund audit. Depending on available resources, IRS will audit a portion of these returns, generally through correspondence audits with taxpayers, before complete refunds are sent to the taxpayers. In some cases, IRS will send the taxpayers the portion of their refunds that was claimed correctly while withholding the portion that IRS considers likely to be in error. To the extent returns are not handled in prerefund audits, IRS will include them for possible postrefund audits.
**Fraud Investigations**

Based on IRS's computer filters, IRS identifies some refund claims that may be fraudulent. These are forwarded to IRS's Criminal Investigation division. Those investigations may occur simultaneously as math error or audit corrections are being made to the return. In some cases, the investigation may be of a taxpayer and in other cases it may focus on a paid preparer or others who may be engaging in systematic fraud affecting more than one return.

**Benefits of Prerefund Checks**

Collectively and individually, these prerefund checks have benefits for IRS and taxpayers. The initial checks on taxpayers' identities and completeness of returns help ensure that returns can be accepted and processed quickly for taxpayers. It also allows IRS to detect common errors or noncompliance such as if a taxpayer uses a false Social Security number to claim a dependent.

Math error checks are among the most beneficial of the prerefund checks for both taxpayers and IRS. These checks have the potential to protect billions of dollars in federal revenue from being erroneously refunded to taxpayers, especially for refundable tax credits that have been increasingly enacted in recent years, as significant overclaimed refund amounts result, sometimes through fraudulent claims. For example, Congress enacted three different versions of the refundable First-Time Homebuyer Credit (FTHBC) but did not immediately provide IRS with MEA to automatically verify certain information. In 2009, we proposed that Congress grant MEA to IRS to conduct prerefund compliance checks to ensure that taxpayers do not claim the homebuyer credit in multiple years. We calculated that IRS prevented about $95 million in erroneous refunds in fiscal year 2010 using this new authority. In addition, this and various other MEA provisions for the FTHBC granted to IRS after the credit was first enacted allowed IRS to deny approximately 350,000 erroneous claims in 2010.

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7Congress provided IRS authority to check the previous year's tax returns when it extended the credit for the final time in November 2009. Pub. L. No. 111-92, § 12(d).
thereby saving tax revenue and enabling IRS to use scarce enforcement resources elsewhere. If not denied, this large volume of erroneous claims would have roughly translated into a billion dollars or more in improper payments.

IRS can use MEA to correct errors it identifies and send the corrected refund amount to the taxpayer instead of trying to recover overpayments after audit. In postrefund enforcement, IRS may not recover all funds that are owed, which may be especially true for cases of fraud, and may incur additional costs in attempting to collect the delinquent taxes. We have previously reported that prompt compliance checks are important because as unpaid taxes age, the likelihood of collecting all or part of the amounts owed decreases.  

For taxpayers, some MEA helps them receive tax benefits for which they are eligible by identifying individuals who underclaimed the benefits. For example, last year we reported that from January 1 through September 30, 2010, IRS corrected about 7.7 million errors associated with the Making Work Pay credit, including about 60 percent in the taxpayers’ favor. These corrections meant that taxpayers received larger refunds (or had lower taxes due) than they had anticipated. 

If IRS conducts a prerefund audit, it holds disputed refund amounts until the taxpayer’s proper tax liability can be determined and the audit is concluded. As with math error checks, prerefund audits are preferable because once a refund has been paid, IRS may be unable to collect all amounts due and can incur significant expenses in the collection of delinquent tax debts. For taxpayers, prerefund audits also minimize the possible interest expenses they would incur if the audits did not occur for months or more after their return was filed. Generally, taxpayers accrue interest on underpaid taxes from the date the tax becomes due.

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Finally, beginning fraud investigations as quickly as possible has several advantages for IRS. In general, the more quickly such investigations are begun, the more likely evidence will be available. To the extent that investigations lead to quick action, perpetrators of fraud may be stopped before they can continue their efforts through the filing season. An affirmative IRS investigative presence and successfully resolved cases may also deter some who would otherwise be tempted to engage in fraudulent activities.

For almost a century, Congress has been expanding IRS's MEA on a case-by-case basis. Its most recent expansions were to help determine the eligibility for certain credits such as the FTHBC. The increase over time has resulted in the 13 existing MEA provisions shown in appendix I.

Although Congress sometimes quickly extended MEA to address compliance issues with newly created tax credits, at times a round of initial errors occurred before IRS was able to obtain the new authority. We suggested in 2010 that authorizing the use of MEA on a broader basis rather than on a case-by-case basis, with appropriate controls to protect taxpayer rights, could minimize the danger of that happening in the future.\(^\text{10}\) In the past we identified benefits to IRS and taxpayers that could arise from broader MEA. I already mentioned some of these earlier, but, to summarize, broader MEA could

- enable IRS to correct all or nearly all returns where IRS identifies the noncompliance and the needed correction with virtual certainty, not just those it can address through other enforcement means;
- be low cost and less intrusive and burdensome to taxpayers than audits;
- ensure that taxpayers who are noncompliant on a particular issue are similarly treated, that is, that a greater portion of them are brought into compliance, not just those that IRS could otherwise address through other enforcement means;
- enhance equity between compliant and noncompliant taxpayers because a greater portion of the noncompliant taxpayers would be brought into compliance;
- provide a taxpayer service as it would generally allow noncompliant taxpayers to receive their refunds faster than if IRS had to address the error through some other compliance mechanism, have their returns

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corrected without penalty and before interest is accrued, and avoid time-
consuming interaction with IRS under its other programs for resolving
noncompliance;
• help ensure that taxpayers receive the tax benefits for which they are
eligible by identifying taxpayers who underclaim a tax benefit;
• free up IRS resources to pursue other forms of noncompliance; and
• allow IRS to quickly address provisions arising from new and quickly
moving initiatives like the American Recovery and Reinvestment Act of
2009 (Pub. L. No. 111-5) without waiting for new MEA to go through the
legislative process.

While providing broad MEA is ideal, we have also suggested that Congress
expand MEA for more limited purposes. As we recently reported, IRS does
not have MEA to review prior year tax returns to ensure that taxpayers do
not claim credits or deductions in excess of lifetime limits such as for
residential energy credits.\footnote{GAO-11-481.} We have identified four specific cases where
IRS could benefit from additional MEA, including for the FTHBC for which
Congress granted authority. Expanding MEA should also provide many of
the same benefits described above. Table 1 provides a summary of GAO’s
previous matters for congressional consideration for expanded MEA.

Table 1: GAO Math Error Authority Matters for Congressional Consideration

<table>
<thead>
<tr>
<th>Matter for consideration</th>
<th>Date of report</th>
<th>Disposition (as of May 2011)</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Provide IRS with math error authority to use prior years’ tax return information to ensure that taxpayers do not improperly claim credits or deductions in excess of applicable lifetime limits.</td>
<td>March 29, 2011</td>
<td>Not yet enacted</td>
<td>GAO-11-481</td>
</tr>
<tr>
<td>2 Provide IRS with math error authority to use prior years’ tax return information to automatically verify taxpayers’ compliance with the number of years the Hope credit can be claimed.</td>
<td>December 10, 2009</td>
<td>Not yet enacted</td>
<td>GAO-10-225</td>
</tr>
<tr>
<td>3 Provide IRS with math error authority to (1) use the prior year’s tax return information to automatically verify compliance with the 2008 First-Time Homebuyer Credit payback provision and (2) ensure that homebuyers do not improperly claim the credit in multiple years.</td>
<td>September 23, 2009</td>
<td>Enacted 2009 in Public Law 111-92</td>
<td>GAO-09-1026</td>
</tr>
<tr>
<td>4 Provide IRS with authority to use math error checks to identify and correct returns with ineligible (1) individual retirement account (IRA) “catch-up” contributions and (2) contributions to traditional IRAs from taxpayers over age 70½.</td>
<td>December 12, 2008</td>
<td>Not yet enacted</td>
<td>GAO-09-146</td>
</tr>
</tbody>
</table>

Source: GAO.
MEA allows IRS to correct a tax return and send a notice to the taxpayer regarding the correction without going through the statutory deficiency procedures. Instead, IRS notifies the taxpayer that it has identified the error and has made a change to the return. Taxpayers have 60 days to contest the assessment outlined in those notices. Further, if they do not contest the assessment within that time, they lose their right to file an appeal with IRS or the U.S. Tax Court but have the option of filing an amended tax return to be considered by IRS. The National Taxpayer Advocate and some in Congress are concerned that not following the statutory deficiency procedures might undermine taxpayer rights because IRS might use broad authority in situations where it does not know with a high degree of certainty that the taxpayer made an error. In addition, taxpayers might not ask, within 60 days after being assessed tax by IRS, to have their assessment reversed by IRS and thus might be unable to challenge an IRS notice through normal deficiency procedures or in the Tax Court.

To mitigate these concerns, Congress could extend broader MEA to IRS but could specify criteria governing when IRS could use the authority. Traditionally, math error checks have allowed IRS to detect errors or determine taxpayer eligibility with virtual certainty, thus letting IRS make corrections without first corresponding with the taxpayer. To ensure IRS continues to use MEA only in these limited circumstances if given broader authority, Congress could, for example, require IRS to submit a report to it or an entity it designates on a proposed new use of MEA. The report could include how such use would meet the standards or criteria outlined by Congress. The report could also describe IRS’s or the National Taxpayer Advocate’s assessment of any potential effect on taxpayer rights. Or, Congress could require a more informal procedure whereby IRS simply notifies a committee, such as the Joint Committee on Taxation, of its proposed use and subsequently submits a report after such use is underway. In any case, Congress could provide IRS broader authority to use MEA than is currently authorized but still provide appropriate safeguards and require IRS to report in order to alleviate concerns of improper use of MEA.
The benefits I listed earlier of broadening MEA or using other prerefund compliance checks could also result from other initiatives that IRS has already begun or is contemplating. For example, in April, 2011, the Commissioner of Internal Revenue talked about a long-term vision to increase upfront compliance activities during returns processing. In one example, IRS is exploring requiring that information returns be sent to IRS and taxpayers at the same time as opposed to the current requirement that some returns go to taxpayers before going to IRS. The intent is to move to matching those information returns to tax returns during tax return processing. IRS currently matches data provided on over 2 billion information returns to tax returns only after the normal filing season. Matching during the filing season would allow IRS to detect and correct errors before it sends taxpayers their refunds, thereby avoiding the costs of trying to recover funds from taxpayers later. This approach could also allow IRS to use its enforcement resources on other significant compliance problems. However, the Commissioner made clear that his vision for more prerefund compliance checks will take considerable time to implement. One prerequisite would be a major reworking of some fundamental IRS computer systems.

Other IRS initiatives should also enhance compliance before refunds are issued. For instance, IRS could leverage new paid tax return preparer requirements to improve taxpayer compliance before tax returns are filed. Our work has shown that paid tax preparers play a vital role in administering our country’s tax system and ensuring compliance with tax laws. Paid preparers prepare about 60 percent of the federal tax returns filed annually. However, we and others have found that some paid preparers make significant errors. We also found that emulating Oregon’s paid preparer regulatory regime had the potential to lead to more accurate federal returns. In response, IRS is currently implementing new regulatory requirements in order to oversee the conduct and competency of paid preparers.

These new requirements may improve the accuracy of tax returns initially prepared by paid preparers. The new requirements may also help IRS

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address compliance problems that arise during filing seasons. For instance, IRS may be able to identify specific paid preparers that are making errors and send them information on their errors, thus reducing errors on additional returns they may prepare during the filing season. To achieve the full benefits of the paid preparer regulatory regime, IRS must continue to make progress with its plans to develop a comprehensive database containing information on the preparers and tax returns they prepare. IRS must use information from this database to test which strategies are most effective for improving the quality of tax returns prepared by different types of paid preparers. To help with this effort, we recently recommended that IRS provide a documented framework for using the paid preparer requirements to improve taxpayer compliance. IRS agreed with this recommendation.

Concluding Remarks

In closing, IRS has a massive challenge in ensuring compliance with the tax laws. Looking forward, with budget constraints a reality and burden on taxpayers a concern, doing more compliance checks before refunds are issued has great appeal for both taxpayers and IRS. Through oversight efforts like today’s hearing, Congress can encourage and authorize the use of appropriately designed prerefund compliance checks that are critical to stopping erroneous refunds and ensuring that federal dollars are protected.

Chairman Boustany, Ranking Member Lewis, this completes my prepared statement. I would be happy to respond to any questions you or other Members of the Subcommittee may have at this time.

Contacts and Acknowledgments

For further information regarding this testimony, please contact Michael Brostek, Director, Strategic Issues, on (202) 512-9110 or brostekm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this testimony include Joanna Stamatiades, Assistant Director; Steven J. Berke; Amy R. Bowser; David Fox; Tom Gilbert; Lawrence M. Korb; Inna Livits; and Sabrina Streagle.

Table 2 summarizes the Internal Revenue Service’s (IRS) 13 areas of existing math error authority (MEA). As early as the first codification of the Internal Revenue law in 1926, Congress granted IRS MEA so that IRS does not have to provide taxpayers with a statutory notice of deficiency for math errors. A 1976 statutory revision defined the authority to include not only mathematical errors, but other obvious errors, such as omissions of data needed to substantiate an item on a return, and provided a statutory right to file a request for abatement of the assessment within 60 days after the notice is sent. In the 1990s, Congress extended the authority multiple times, and more recently it has added other provisions to help determine eligibility for certain tax exemptions and credits, such as the First-Time Homebuyer Credit.

Table 2: IRS’s 13 Existing Math Error Authorities

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>An error in addition, subtraction, multiplication, or division shown on any return.</td>
</tr>
<tr>
<td>2</td>
<td>An incorrect use of any table provided by IRS with respect to any return if other information in the return makes the incorrect use apparent.</td>
</tr>
<tr>
<td>3</td>
<td>An entry on a return of an item that is inconsistent with another entry of the same or different item on that return.</td>
</tr>
<tr>
<td>4</td>
<td>An omission of information that is required to be supplied on the return to substantiate an entry on that return.</td>
</tr>
<tr>
<td>5</td>
<td>An entry on a return of a deduction or credit in an amount that exceeds the statutory limit for that deduction or credit, if that limit is expressed as a specific monetary amount or as a percentage, ratio, or fraction, and if the component items of that limit appear on the return.</td>
</tr>
<tr>
<td>6</td>
<td>A correct taxpayer identification number (TIN) not provided on the return as required for the following provisions:</td>
</tr>
<tr>
<td></td>
<td>• Earned Income Tax Credit (EITC);</td>
</tr>
<tr>
<td></td>
<td>• child and dependent care credit;</td>
</tr>
<tr>
<td></td>
<td>• personal or dependent exemption;</td>
</tr>
<tr>
<td></td>
<td>• child tax credit; or</td>
</tr>
<tr>
<td></td>
<td>• Hope and Lifetime Learning credits.</td>
</tr>
<tr>
<td>7</td>
<td>A return claiming an EITC for net earnings from self-employment, where the self employment tax imposed by I.R.C. § 1401 on those net earnings has not been paid.</td>
</tr>
<tr>
<td>8</td>
<td>An omission of information required for recertification of eligibility for the EITC.</td>
</tr>
<tr>
<td>9</td>
<td>An entry on the return of a TIN required for the EITC, the child credit, and the child and dependent care credit, when information associated with that TIN indicates that the child does not meet the age eligibility requirements for those credits.</td>
</tr>
</tbody>
</table>
### Appendix I: IRS Math Error Authorities

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>An entry on the return of a claim for the EITC where the Federal Case Registry of Child Support Orders indicates that the taxpayer is the noncustodial parent of that child.</td>
</tr>
<tr>
<td>11</td>
<td>A failure to reduce Electronic Stimulus Payment credit on a return related to the Economic Stimulus Act of 2008 by amounts previously advanced.</td>
</tr>
<tr>
<td>12</td>
<td>A failure to reduce the Making Work Pay credit by the amount of any payment received as a result of tax abatement resulting from the combat-related deaths of members of the Armed Forces, deaths of astronauts, and deaths of victims of certain terrorist attacks, or by the amount of any credit allowed under the American Recovery and Reinvestment Act of 2009, or a failure to submit a proper Social Security number with the claim.</td>
</tr>
<tr>
<td>13</td>
<td>A claim for the First-Time Homebuyer Credit where the taxpayer has not included the required settlement statement; or where other information indicates that the taxpayer is under 18 years of age, or where information from the past 2 years of returns indicates ineligibility for the credit. Additionally, IRS may correct the return where the taxpayer has failed to include the increased tax required under the recapture provision for the credit, when applicable.</td>
</tr>
</tbody>
</table>

Source: GAO analysis.
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