From April 2020 to December 2021, the federal government made direct payments to individuals totaling $931 billion to address pandemic-related financial stress. The CARES Act, the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021 (Public Laws 116-136, 116-260, and 117-2, respectively) authorized three rounds of Economic Impact Payments (EIP) that went to around 165 million Americans.

The American Rescue Plan Act of 2021 also temporarily expanded the eligibility of the Child Tax Credit (CTC) to more families and increased the payment amounts. From July to December 2021, eligible families received advance monthly payments of half their total expected CTC, benefiting around 84% of children in the US.

According to Census Bureau and Federal Reserve assessments of survey data, the EIPs and advance CTC payments reduced financial hardship and food insufficiency among recipients.

These pandemic-related payments to individuals far exceeded other stimulus payments made to individuals in recent history.

Refundable tax credits sometimes have issues with improper payments (payments made in the wrong amount or to the wrong person). In September 2020, we reported that the EIP improper payment rate was around 2% and IRS took some actions to recover those payments. More recently, Treasury’s Inspector General for Tax Administration (TIGTA) reported on additional steps IRS should take to recover improper payments.

**What GAO’s Work Shows**

1. IRS can use data to tailor outreach efforts.

It was challenging for IRS and Treasury to get payments to some people—especially nonfilers, or those who are not required to file tax returns. These people were eligible for the payments for a couple reasons:

   - first, there was no earned income requirement, so Americans with no or little income could receive economic relief; and
   - second, the payments were refundable tax credits, so eligible individuals can claim the full amount even if it exceeds what they owe in taxes.

In 2020, Treasury and IRS used other data to identify and reach out to around 9 million potentially eligible nonfilers. In May 2021, TIGTA identified potentially 10 million individuals eligible for payments, but IRS has no further plans to reach out to these individuals.

» We recommended that Treasury and IRS use available data to develop an updated estimate of total eligible individuals which they could use to better tailor and redirect their ongoing outreach and communications efforts for similar tax credits.
2. Improved collaboration will also help outreach to underserved communities.

Treasury and IRS undertook sweeping communications and outreach efforts to publicize the EIPs and the advance CTC. For example, they expanded their partnerships to educate more people about the stimulus payments. However, they can do more to measure the effectiveness of their outreach.

We found that underserved communities such as nonfilers, first-time filers, unbanked/underbanked, mixed immigrant status families, those with limited internet access, and those experiencing homelessness were likely to experience difficulties with receiving timely payments.

» We recommended that Treasury and IRS focus on improving interagency collaboration and use data to assess the effectiveness of their efforts to educate more people about refundable tax credits and eligibility requirements.

Conclusions

• Eligible individuals can still claim their payments through October 17. Individuals who think they may be eligible but did not receive the third EIP or CTC can request an extension and file a simplified return at ChildTaxCredit.gov.

• Lessons learned can help IRS administer refundable tax credits. Although no new EIP and advance CTC payments are underway, Treasury and IRS administer billions of dollars in refundable tax credits annually. Lessons learned from the EIP and advance CTC outreach efforts can help Treasury and IRS manage other refundable tax credits such as the Earned Income Tax Credit. These payments are an economic lifeline for many but also raise concerns about improper payments.

• IRS’s new Taxpayer Experience Office can help improve outreach. IRS recently established the Taxpayer Experience Office to help drive the agency’s strategic direction for improving the taxpayer experience. This is an opportunity for IRS to implement our recommendations to improve outreach efforts to individuals eligible for refundable tax credits.

Timeline of Stimulus Payments to Individuals, 2020-2021

- March 27: CARES Act authorized EIP 1
- March 13: U.S. declares COVID-19 a national emergency
- April 10: EIP 1 begins issuance
  • Up to $1,200/adult and $500/child
  • 168.2 million payments totaling $280 billion
- December 27: Consolidated Appropriations Act, 2021 authorized EIP 2
- December 29: EIP 2 begins issuance
  • Up to $600/person
  • 152.4 million payments totaling $147.9 billion
- March 11: American Rescue Plan Act of 2021 authorized EIP 3 and Advance Child Tax Credit payments
- March 17: EIP 3 begins issuance
  • Up to $1,400/person
  • 175.8 million payments totaling $409.6 billion
- July 15: Advance Child Tax Credit payments begin
  • Up to $250-300/child (monthly)
  • 216.8 payments totaling $93.5 billion
- December 31: End of advance payments

*Full tax credit amounts can be claimed during the 2022 filing season

Source: GAO analysis of legislation and IRS and Bureau of the Fiscal Service data.

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