



Treasury Inspector General for Tax Administration Office of Audit

EVALUATION OF EFFORTS TO ENSURE ELIGIBLE INDIVIDUALS RECEIVED THEIR ECONOMIC STIMULUS PAYMENT

Issued on April 24, 2009

Highlights

Highlights of Report Number: 2009-40-069 to the Internal Revenue Service Deputy Commissioners for Operations Support and Services and Enforcement.

IMPACT ON TAXPAYERS

Signed on February 13, 2008, the Economic Stimulus Act of 2008 was passed to energize the national economy. More than 119 million economic stimulus payments were issued totaling more than \$96 billion as a result of the Internal Revenue Service's (IRS) actions to ensure eligible individuals received their economic stimulus payment. In addition, the IRS ensured economic stimulus payments were not issued after December 31, 2008, as mandated by the Economic Stimulus Act of 2008.

WHY TIGTA DID THE AUDIT

This audit was initiated to ensure individuals eligible for an economic stimulus payment received their payment by December 31, 2008. In addition, we evaluated the IRS' efforts to ensure economic stimulus payments were not issued after December 31, 2008, as required by the law.

The economic stimulus payment was a refundable credit of taxes paid in Tax Year 2008. To ensure individuals benefited from the payment as soon as possible, the Economic Stimulus Act of 2008 provided for the advance payment of the credit. The IRS estimated the credit using information on Tax Year 2007 tax returns and issued advance payments in Calendar Year 2008 in the form of an economic stimulus payment. The first economic stimulus payments were issued via direct deposit on April 28, 2008.

WHAT TIGTA FOUND

TIGTA found that significant efforts were taken to ensure eligible individuals received their economic stimulus payment. These efforts included:

- Establishing processes to timely resolve the majority of the approximately 4.3 million tax returns requiring manual processing.

- Initiating outreach efforts to retired individuals and veterans, resulting in approximately 11.8 million individuals receiving about \$4.6 billion in economic stimulus payments.
- Initiating outreach efforts to individuals whose stimulus payments were returned as undeliverable, resulting in 95,660 individuals receiving an estimated \$82 million in economic stimulus payments.
- Developing and implementing programming to ensure 14,393 individuals in the military received \$15.2 million in economic stimulus payments.
- Assisting individuals in resolving invalid Social Security Number issues that disqualified them from receiving a stimulus payment, resulting in 52,575 individuals receiving \$64.8 million in economic stimulus payments.

The IRS also initiated actions to address errors TIGTA brought to IRS management's attention. Addressing these errors resulted in 274,611 individuals receiving \$105.5 million in economic stimulus payments to which they were entitled. The IRS' actions included issuing recovery payments to individuals whose child portion of the economic stimulus payment was not accurately computed and issuing recovery payments to individuals who incorrectly reported their income.

WHAT TIGTA RECOMMENDED

TIGTA made no recommendations in this report. Instead, TIGTA notified IRS management of concerns throughout the course of our review. The IRS took immediate corrective action to ensure the impact on taxpayers was limited.

Key IRS management officials reviewed the report prior to issuance and agreed with the facts and conclusions presented.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2009reports/200940069fr.pdf>