

**EARNED INCOME TAX CREDIT
SUBSEQUENT YEAR TRACKING
PROJECT REPORT
FOR TAX YEARS 1997-1999**

**July 31, 2001
W&I Research Group 6**

TABLE OF CONTENTS

EXECUTIVE SUMMARY iv

INTRODUCTION..... 1

SECTION A – SOFT NOTICES 2

TABLE 1. TY 1997-1999 CIR FOR DEPENDENTS OVER AGE 23 4

TABLE 2. CIR BREAKDOWN FOR DUPLICATE TINS 6

SECTION B – ENFORCEMENT ACTIONS 7

TABLE 3. EITC MATH ERROR CODES 7

TABLE 4. EITC AUDIT PROJECT CODES..... 7

TABLE 5. TY 1997-1998 BASELINE CIR FOR MEC AND APC..... 11

TABLE 6. TY 1999 CIR RESULTS FOR TY 1997 BASELINE TINS. ... 11

**TABLE 7. BREAKDOWN BY MEC AND APC OF TY 1999 CIR FOR
TY 1997 BASELINE TINS 12**

FIGURE 1. PERCENTAGE OF TY99 CIR FOR TY97 TAXPAYERS ... 13

**FIGURE 2. COMPARATIVE CONTRIBUTION OF TY97 TAXPAYERS
TO TY99 CIR..... 14**

TABLE 8. CIR FOR TY 1998 RETURNS..... 14

TABLE 9. CIR FOR TY 98-99 BY APC AND MEC..... 15

FIGURE 3. PERCENTAGE OF TY99 CIR FOR TY98 TAXPAYERS ... 16

**FIGURE 4. COMPARATIVE CONTRIBUTION OF TY98 TAXPAYERS
TO TY99 CIR..... 17**

APPENDIX A - YEAR OF BIRTH SOFT NOTICE..... 18

TABLE A-1 YEAR OF BIRTH SOFT NOTICE RULES 19

**TABLE A-2 TY 1999 CIR FOR TY 1997 TAXPAYERS THAT
RECEIVED YEAR OF BIRTH SOFT NOTICE 20**

APPENDIX B - DUPLICATE TIN SOFT NOTICE 21

TABLE B-1 DUPLICATE TIN SOFT NOTICE RULES..... 22

**APPENDIX C - CIR CALCULATIONS FOR ENFORCEMENT ACTIONS ON TY
1997 TAXPAYERS 23**

TABLE C-1 LIST OF TY 1999 CIR TABLES FOR TY1997 TINS 23

TABLE C-2 TY 1999 CIR RESULTS FOR TY 1997 BASELINE TINS.. 24

MATH ERROR CODES..... 25

MEC INCOME ISSUES TY 1997-1999..... 25

TABLE C-3 MEC 649 MODIFIED AGI ERROR..... 25

**TABLE C-4 MEC 654 EITC DISALLOWED DUE TO INVESTMENT
INCOME..... 26**

MEC NON QUALIFYING TAXPAYER ISSUES TY 1997-1999 27

TABLE C-5 MEC 701 SECONDARY TIN MISSING/INVALID 27

TABLE C-6 MEC 702 PRIMARY/SECONDARY ITIN 28

TABLE C-7 MEC 748 PRIMARY TIN INVALID..... 29

MEC QUALIFYING CHILD ISSUES TY 1997-1999 30

TABLE C-8 MEC 743 QUALIFYING CHILD TIN MISSING.....	30
TABLE C-9 MEC 744 QUALIFYING CHILD TIN INVALID.....	31
TABLE C-10 MEC 745 QUALIFYING CHILD ITIN.....	32
AUDIT PROJECT CODES	33
APC INCOME ISSUES TY 1997-1999.....	33
TABLE C-11 APC 653 EITC AND SELF EMPLOYMENT TAX	33
TABLE C-12 APC 653 EITC AND SELF EMPLOYMENT TAX	34
APC NON QUALIFYING TAXPAYER ISSUES TY 1997-1999.....	35
TABLE C-13 APC 602 EITC DECEDENTS	35
TABLE C-14 APC 602 EITC DECEDENTS	36
APC QUALIFYING CHILDREN ISSUES TY 1997-1999	37
TABLE C-15 APC 641 QUALIFYING CHILD'S SSN IS MISSING	37
TABLE C-16 APC 641 QUALIFYING CHILD'S SSN IS MISSING	38
TABLE C-17 APC 652 EITC DUPLICATE USE OF TIN FOR QC	39
TABLE C-18 APC 652 EITC DUPLICATE USE OF TIN FOR QC	40
TABLE C-19 APC 725 EITC DUPLICATE TIN REPEATER	41
TABLE C-20 APC 725 EITC DUPLICATE TIN REPEATER	42
APC OTHER ISSUES TY1997-1999	43
TABLE C-21 APC 606 EITC INELIGIBLE.....	43
TABLE C-22 APC 606 EITC INELIGIBLE.....	44
TABLE C-23 APC 607 EITC INELIGIBLE OTHER (1040X).....	45
TABLE C-24 APC 607 EITC INELIGIBLE OTHER (1040X).....	46
TABLE C-25 APC 642 CI REFERRAL	47
TABLE C-26 APC 642 CI REFERRAL	48
TABLE C-27 APC 654 EITC REPEATER.....	49
TABLE C-28 APC 654 EITC REPEATER.....	50
APPENDIX D - CIR CALCULATIONS FOR ENFORCEMENT ACTIONS ON TY 1998 TAXPAYERS	51
TABLE D-1 LIST OF TY 1999 CIR TABLES FOR TY1998 TINS	51
TABLE D-2 TY1999 CIR FOR TY 1998 RETURNS.....	52
MATH ERROR CODES.....	53
MEC INCOME ISSUES TY 1998-1999.....	53
TABLE D-3 MEC 649 MODIFIED AGI ERROR.....	53
TABLE D-4 MEC 654 EITC DISALLOWED DUE TO INVESTMENT INCOME.....	53
MEC NON QUALIFYING TAXPAYER ISSUES TY 1998-1999	54
TABLE D-5 MEC 701 SECONDARY TIN MISSING/INVALID	54
TABLE D-6 MEC 702 PRIMARY SECONDARY ITIN	54
TABLE D-7 MEC 748 PRIMARY TIN INVALID.....	55
MEC QUALIFYING CHILD ISSUES TY 1998-1999	56
TABLE D-8 MEC 743 QUALIFYING CHILD TIN MISSING.....	56
TABLE D-9 MEC 744 QUALIFYING CHILD TIN INVALID.....	56
TABLE D-10 MEC 745 QUALIFYING CHILD ITIN.....	57
AUDIT PROJECT CODES	58
APC INCOME ISSUES TY 1998-1999.....	58
TABLE D-11 APC 608 SCHEDULE C AND EITC	58
TABLE D-12 APC 612 EITC SCHEDULE C AND PREPARER	58

TABLE D-13 APC 653 EITC AND SELF EMPLOYMENT TAX	59
APC NON QUALIFYING TAXPAYER ISSUES TY 1998-1999.....	60
TABLE D-14 APC 602 EITC DECEDENTS	60
TABLE D-15 APC 694 RECERTIFICATION	60
APC QUALIFYING CHILDREN ISSUES TY 1998-1999	61
TABLE D-16 APC 641 QUALIFYING CHILD'S SSN IS MISSING	61
TABLE D-17 APC 652 DUPLICATE USE OF TIN FOR EITC QC	61
TABLE D-18 APC 725 EITC DUPLICATE TIN REPEATER	62
APC OTHER ISSUES TY 1998-1999	63
TABLE D-19 APC 606 EITC INELIGIBLE.....	63
TABLE D-20 APC 607 EITC INELIGIBLE OTHER (1040X).....	63
TABLE D-21 APC 610 HEAD OF HOUSEHOLD.....	64
TABLE D-22 APC 611 QRP EITC	64
APPENDIX E – METHODOLOGY FOR MEC AND APC RETURNS	65
APPENDIX F - GLOSSARY.....	67
SIGNATURE PAGE.....	68

EXECUTIVE SUMMARY

Responding to an Internal Revenue Service (IRS) study showing a high rate of non-compliance among those claiming Earned Income Tax Credit (EITC), Congress enacted legislation that provided a new five-year appropriation to address non-compliance. Under Public Law 105-33, section 5702, the IRS is required to track revenue protected as a result of the special appropriation. Dollars collected and revenue protected will continue to be tracked for the life of the appropriation.

While existing systems provide information applicable to enforcement activities and revenue from those activities, a new method was needed for tracking and measuring the dollars associated with taxpayers' changed behavior. The Subsequent Year Tracking Project (SYTP) was developed to measure the dollars not claimed by non-compliant taxpayers as EITC benefits, in years subsequent to an enforcement or non-enforcement contact by the IRS.

The SYTP uses data from the Enforcement Revenue Information System (ERIS) to identify taxpayers contacted through enforcement programs and lists of taxpayers provided by functional organizations to identify taxpayers contacted through educational and outreach programs. Master File extracts are then used to determine the filing behavior of the taxpayer during the subsequent filing season.

While the limited data does not permit attribution of the taxpayers' changed behavior to any single reason, to the extent that the taxpayer's changed behavior results in reduced EITC benefits in subsequent years, the reduction will be treated as "compliance improvement dollars" and organized by the type of IRS contact with the taxpayer. Steps have been taken to assure that each return and the associated dollars are only counted once, although the taxpayer may have received more than one contact.

The objective of this report is to measure Compliance Improvement Revenue (CIR) for both non-enforcement and enforcement initiatives. A non-enforcement case, for the purpose of this report, is defined as a case that received a soft notice for:

- filing a tax year (TY) 1997 return claiming EITC using a Social Security Number (SSN) for a person over the age of 23 for the qualifying child; or,
- taxpayers that claimed EITC in TY 1998 using a qualifying child SSN that was also used or duplicated by another taxpayer.

Enforcement cases are defined as either a taxpayer that was sent one of a number of specified EITC Math Error Notices (MEN) or a taxpayer audited under an EITC Examination Audit Project Code (APC) for the purpose of this report.

Total CIR for both non-enforcement and enforcement cases is **\$1.1 billion**. The breakdown is as follows:

Non-Enforcement

TY 1997 returns claiming EITC using a SSN for a person over the age of 23 for the qualifying child (TY1997-1999)	\$13 Million
TY 1998 returns claiming EITC using a qualifying child SSN that was used or duplicated by another taxpayer (TY1998-1999)	\$237 Million

Enforcement

Total CIR for MENs and APCs is \$384 million for TYs 1997 – 1998, \$348 million for TY 1997-1999 and \$146 million for TY 1998 – 1999. A breakdown of CIR by MEN and APC is as follows:

EITC MEN	
TY 1997 – 1998	\$116 Million ¹
TY 1997 - 1999	\$120 Million
TY 1998 – 1999	\$100 Million
EITC APC	
TY 1997 – 1998	\$268 Million ¹
TY 1997 - 1999	\$228 Million
TY 1998 – 1999	<u>\$46 Million</u>
Total	\$878 Million

Some of the significant findings that emerged from the analysis are:

- The number of taxpayers that received an EITC MEN or APC in TY 1998 dropped significantly. In TY 1997 there were 804,745 taxpayers that received an EITC MEN or APC as compared to the 467,120 in TY 1998. This represents a 42% decrease in EITC MEN and APC.
- The percentage of non-filers dropped for TY 1997 to 1998. Approximately 23% of the TY 1997 taxpayers that received an EITC MEN or APC did not file in TY 1998 as compared to 21% of TY 1998 filers that did not file in TY 1999.

¹ CIR for TY 1997-1998 has been adjusted from the initial report issued in August 2000 to include additional data elements not available in the first data set. It also includes late filers.

INTRODUCTION

The Subsequent Year Tracking Project (SYTP) began in 1999 to measure the behavior of taxpayers that received a soft notice or enforcement action due to an error in claiming Earned Income Tax Credit (EITC). Compliance Improvement Revenue (CIR) represents the amount of revenue that IRS has protected based on a taxpayer's changed behavior subsequent to the detection of an improper EITC claim in a prior year. The SYTP creates panel files that track CIR for taxpayers that receive EITC-related soft notices or enforcement actions.

A Memorandum of Understanding (MOU) signed by the Office of Research, the EITC Program Office and the National Director for Financial Analysis specified business rules to be applied to measure CIR. The first SYTP report, issued August 2000, calculated CIR for taxpayers that received a soft notice or enforcement action for TY1997 based on their TY 1998 behavior and for primary invalid TIN soft notices for TY1996 based on their TY1997 behavior.

The objective of this report is to:

- continue to measure CIR for TY 1997 taxpayers based on their TY 1999 behavior, and;
- measure CIR for TY 1998 taxpayers based on their TY 1999 behavior.

CIR is measured for taxpayers who:

- were sent a soft notice because they claimed EITC using the Social Security Number (SSN) of a person over the age of 23 as a qualifying child on their TY 1997 return,
- were sent a soft notice because they claimed EITC in TY 1998 using a qualifying child's SSN that was also used, or duplicated, by another taxpayer,
- received an EITC math error notice (MEN) identified by math error codes (MEC) 649, 654, 701, 702, 743, 744, 745, or 748 on their TY 1997 or TY 1998 tax return, or,
- had their tax return audited for TY 1997 or TY 1998 as part of audit projects (APC) coded 602, 606, 607, 608, 610, 611, 612, 641, 642, 652, 653, 654, 694, or 725.

To measure the dollars protected on enforcement cases, the SYTP uses Taxpayer Identification Numbers (TINs) provided by the Enforcement Revenue Information System (ERIS). ERIS is a cross-functional database that tracks the amount of revenue collected from all IRS enforcement actions over time. In contrast, the SYTP tracks the subsequent year behavior of taxpayers that received an enforcement activity for incorrectly claiming EITC. CIR is then calculated based on the behavior of the taxpayer in the subsequent year.

The body of this report is divided into two sections.

Section A - Cases that were sent a soft notice.

Section B - Cases that received an enforcement action.

SECTION A – SOFT NOTICES

The soft notice or non-enforcement segment consists of two separate populations:

- Taxpayers that claimed EITC on their TY 1997 returns using the Social Security Number (SSN) for a person over the age of 23 as a qualifying child; and,
- Taxpayers that claimed EITC in TY 1998 using a qualifying child's SSN that was also used or duplicated by another taxpayer.

SOFT NOTICES MAILED TO TAXPAYERS THAT CLAIMED EITC ON THEIR TY 1997 RETURNS USING THE SOCIAL SECURITY NUMBER FOR A PERSON OVER THE AGE OF 23 AS A QUALIFYING CHILD

By law, EITC cannot be claimed for anyone over the age of 23, unless they satisfy the requirements for a qualifying child and are permanently and totally disabled. Due to data limitations, it is possible that taxpayers claiming permanently disabled children were included in the population and sent the soft notice.

Legislation passed in August 1996 provided IRS authority to issue math error notices (MEN) on TY 1996 returns with invalid SSNs. Chief Counsel ruled that math error codes (MECs) should not be applied to deny EITC if the qualifying child's SSN was considered invalid for failing the year of birth (YOB) test only.

In October 1998, the Tax and Trade Relief Act gave IRS authority to use YOB data from Social Security Administration (SSA) to determine eligibility for EITC. Based on this new legislation, the IRS sent a soft notice (see Appendix A) to taxpayers using TY 1997 data where SSA records indicate that the SSN of a person being used to claim EITC is over the age of 23; and the SSA year of birth and the National Account Profile year of birth do not match. Electronic returns were not included because electronically filed returns are rejected if the SSN of a person over the age of 23 is used for an EITC qualifying child. Notices were mailed to 26,783 taxpayers.

METHODOLOGY

Wage & Investment (W&I) Research Group 4 in Jacksonville, Florida provided TY 1997 information for the 26,783 taxpayers that received the soft notice and TY 1998 tax information for those same taxpayers that filed a TY 1998 tax return as of June 1999. TY 1999 data was obtained from the Individual Return Transaction File. Using the TINs for the 26,783 taxpayers, their TY 1997 and TY 1998 data was merged with the TY 1999 IRTF data.

Taxpayers that received an EITC MEN or were audited as part of the EITC project codes in the subsequent year were not included for purposes of computing CIR.

CIR was computed for the 26,783 taxpayers sent the notice. The report tracks the EITC reporting on the taxpayer's second tax year (TY 1999). Based on the taxpayer's TY 1998 filing behavior, CIR is reported if the taxpayer claiming EITC for a person over the age of 23 in TY 1997:

- did not file a TY 1999 tax return;
- did not claim EITC; or,
- claimed EITC and reduced the number of qualifying children from TY 1997 to TY 1999.

CIR CALCULATIONS

Sub Populations:

- A. Taxpayers that did not file.** Non-filers were separated into two categories. CIR was calculated for:
- Non-filers required to file based on income, filing status, and primary taxpayer's date of birth; and,
 - Non-filers not required to file based on income, filing status, and primary taxpayer's date of birth.
- B. Taxpayers that filed but did not claim EITC.** Filers that did not claim EITC were divided into two categories based on eligibility for EITC as determined by the limited eligibility test (LET)². The two categories are:
- Filers that were eligible for EITC based on the adjusted gross income listed on their TY 1999 return. CIR was computed for taxpayers that were eligible for EITC based on LET, but did not claim EITC.
 - Filers that were ineligible for EITC based on the adjusted gross income listed on their TY 1999 return. If the taxpayer becomes ineligible for EITC based on LET, CIR was not claimed. CIR was not reported because the taxpayer was not eligible to receive EITC.
- C. Taxpayers that filed and claimed EITC.** Taxpayers that claimed EITC for TY 1999 and received either an EITC MEN or were audited as part of the EITC project codes listed in the MOU are considered repeaters of non-compliant behavior, but not necessarily the same non-compliant behavior. CIR is not reported for this population because the taxpayer has continued to claim EITC and is again being treated for non-compliance.

CIR was only reported for taxpayers that filed and claimed EITC without an EITC MEC or APC if they reduced the number of qualifying children claimed from TY 1997 to TY 1999.

The rules used to calculate CIR are in Appendix A.

FINDINGS

Table 1 displays CIR for TY 1999 based on the soft notice sent to taxpayers claiming a qualifying child over the age of 23 on their TY 1997 return. The taxpayer's TY 1998 behavior determined the category, non-filer, filed and did not claim EITC, or filed and claimed EITC, that the taxpayer was assigned. The taxpayer's TY 1999 behavior was compared to their TY 1998 behavior to determine if there was any change.

² Definition of the Limited Eligibility Test can be found in Appendix X.

Table 1. TY 1997-1999 CIR for Dependents Over Age 23

CIR Calculations for TY1997 Returns for Dependents Over Age 23	Count	CIR
Total Returns Filed TY1997	26,783	
Taxpayers with a match on the APC and MEC TY 1998 file*	523	
Total Returns for Analysis	26,260	
Taxpayers that did not file in TY1999	5,710	\$7,536,448
Taxpayers that filed but did not claim EITC in TY1999	7,608	\$5,042,172
Taxpayers that filed and claimed EITC in TY1999	12,942	\$563,342
Total	26,260	\$13,141,962

*Taxpayer TINs for the over age 23 population were matched against the TY 1998 MEC and APC file. Matches were removed to avoid double counting of CIR.

- Total CIR for TY 1999 is approximately \$13 million.
- Twenty-two percent of the filers did not file in TY 1999 (5,710) as compared to 13% (3,339) in TY 1998.
- Three percent of the taxpayers received a MEN or APC in TY 1999.

SOFT NOTICES SENT TO TAXPAYERS THAT CLAIMED EITC IN TY 1998 USING A QUALIFYING CHILD SSN THAT WAS ALSO USED OR DUPLICATED BY ANOTHER TAXPAYER

By memorandum dated March 22, 1995, the Assistant Chief Inspector (Internal Audit) advised the Chief Compliance Officer of a three year trend of increasing use of duplicate Social Security Numbers (SSNs). Internal Audit estimated that there were at least 4.9 million occurrences of duplicate SSNs on 1993 returns with revenue impact of \$1.8 billion. Based on this information the National Office of Research decided to conduct a study with the objective of developing treatment plans to improve compliance.

Duplicate use of the same SSN can fall into three categories: 1) taxpayers who claim duplicate dependent exemptions; 2) taxpayers who claim their own exemption and were claimed as a dependent on another return; and 3) taxpayers who claim the same qualifying child for EITC. In 1999, IRS mailed approximately 1.5 million soft notices (Appendix B) to taxpayers that fell into one of the above categories for TY 1998. The notices asked taxpayers to amend their tax return if they were not entitled to this tax benefit. In addition, taxpayers that repeated their behavior were subject to a correspondence audit.

Wage & Investment (W&I) Research Group 4 in Jacksonville, Florida provided data for taxpayers claiming EITC qualifying children for TYs 1998 and 1999. This data was then merged with Compliance Research Initiative Tracking System (CRITS) data to determine which taxpayer received an EITC MEC or had an audit as a result of an EITC project. The data was examined to determine duplicate situations for EITC qualifying children. If the SSN for a qualifying child was found on one of more returns, all returns using the SSN were indicated as using a duplicate SSN.

CIR CALCULATIONS

Sub Populations:

- A. Taxpayers that did not file.** Non-filers were separated into two categories. CIR was calculated for:
- Non-filers required to file based on income, filing status, and primary taxpayer's date of birth;
 - Non-filers not required to file based on income, filing status, and primary taxpayer's date of birth.
- B. Taxpayers that filed but did not claim EITC.** Filers that did not claim EITC were divided into two categories based on eligibility for EITC as determined by LET. The two categories are:
- Filers that were eligible for EITC based on the adjusted gross income listed on their TY 1999 return. CIR was computed for taxpayers that were eligible for EITC based on LET, but did not claim EITC.
 - Filers that were ineligible for EITC based on the adjusted gross income listed on their TY 1999 return. If the taxpayer moves out of the population for EITC based on LET, CIR was not claimed. CIR was not reported because the taxpayer was not eligible to receive EITC based on criteria other than that it was disallowed or reduced in the prior year.
- C. Taxpayers that filed and claimed EITC.** Taxpayers that claimed EITC for TY 1999 and received either an EITC MEN, were audited as part of the EITC project codes listed in the MOU or reported a duplicate TIN are considered repeaters of non-compliant behavior, but not necessarily the same non-compliant behavior. CIR is not reported for this population because the taxpayer has continued to claim EITC and is again being treated for non-compliance.

CIR was only reported for taxpayers that filed and claimed EITC without an EITC MEC or APC and reduced the number of qualifying children claimed from TY 1998 to TY 1999.

FINDINGS

Table 2 reports CIR for TY 1999.

Table 2. CIR Breakdown for Duplicate TINs

CIR Calculations for TY1998 Returns of Taxpayers that Received Duplicate TIN Notice	Sub-Sets	Count	CIR
Number of taxpayers that were sent the notice		595,564	
Taxpayers that claimed a duplicate dependent in TY 1999		23,604	
Total Returns for Analysis		571,960	
Taxpayers that did not file in TY1999		86,632	
TY1998 AGI below filing requirement for TY1998	86,612		\$147,048,661
TY1998 AGI above filing requirement for TY1998	20		\$20,212
Taxpayers that filed but did not claim EITC for TY1999		114,265	
Eligible for EITC based on age of QC ¹ and income	13,930		\$24,134,863
Ineligible for EITC based on age of QC and income	100,335		
Taxpayers that filed and claimed EITC for TY1999		371,063	
Received an MEN or APC for TY1999	15,151		
Did not reduced QC for TY1999	296,043		
Reduced QC from 2 to 1 for TY1999	44,311		\$41,225,500
Claimed zero QC for TY1999	15,558		\$24,328,381
Total	571,960	571,960	\$ 236,757,617

- Total CIR is approximately \$237 million.
- Approximately four percent of the taxpayers claimed a duplicate dependent on their TY 1999 return.
- Non-filers account for 15% of the population.
- Approximately 27% of the taxpayers improved their behavior from TY 1998 to 1999.

SECTION B – ENFORCEMENT ACTIONS

The SYTP also tracks two separate populations consisting of EITC filers for TY 1997 and EITC filers for TY 1998 that were sent an EITC MEN or had their returns audited under one of the project codes listed in the MOU. The following EITC MECs and APCs were used for the analysis.

Table 3. EITC Math Error Codes

649	Modified Adjusted Gross Income error; EITC reduced or removed
654	EITC not allowed because of investment income
701 ¹	Primary or secondary SSN/name mismatch
702 ²	ITIN (Individual Taxpayer Identification Number) listed for the taxpayer or spouse was issued by the IRS.
743	Qualifying child SSN missing
744	Qualifying child SSN/name mismatch
745	Qualifying child ITIN (Individual Taxpayer Identification Number) issued by the IRS.
748	Primary SSN/name mismatch

¹ MEC 701 was confined to secondary SSN/name mismatch beginning with TY 1998

² An ITIN is a number issued by the IRS to those taxpayers including certain nonresident and resident aliens, their spouses and dependents, who are required to file a return but are not eligible for a SSN issued by SSA. Filers using ITINs are not eligible for EITC.

Table 4. EITC Audit Project Codes

602	EITC decedents
606	EITC ineligible
607	EITC ineligible other (1040X)
608	Schedule C and EITC
610	Head of Household (HOH)
611	Questionable Refund Program (QRP) EITC
612	EITC Schedule C and preparer
641	EITC Missing TIN
642	Criminal Investigation (CI) Referrals (not all EITC)
652	EITC duplicate use of TIN for EITC qualifying children
653	EITC and Self Employment tax
654*	EITC repeater
694	Recertification
725	EITC Duplicate TIN repeater

*ERIS did not supply data for APC 654 for TY 1998. ERIS has rerun the data to include this APC. Data from IS will not be available until September 2001. CIR for this APC will be reported in the next report.

METHODOLOGY

The database used for this analysis was constructed by matching the TY 1997 and TY 1998 TINs from the ERIS extract against the Individual Master File (IMF) and Returns Transaction File (RTF) for processing years (PY) 1998, 1999 and 2000. Selected ERIS data fields were appended to the IMF and RTF data extracted for both TY1997 and TY1998 TINs.

CIR represents the amount of revenue that IRS has protected based on a taxpayer's changed behavior subsequent to the detection of an improper EITC claim in a prior year. This measure will typically be displayed in aggregate form as the total of the CIR amounts by APC or MEC.

After the database was assembled, CIR for the two populations was calculated using base year data, as follows:

- TY 1997 taxpayers' reporting behavior was compared to TY 1999 reporting compliance. CIR calculated for the base year, using TY 1998 behavior, was carried forward if the taxpayer continued to be compliant in TY 1999.
- TY 1998 taxpayers' reporting behavior was compared to TY 1999 reporting behavior to measure the dollars associated with changed taxpayer behavior, creating the baseline CIR amounts for the TY 1998 taxpayers.

Taxpayers that did not have a change in the amount of EITC during processing (i.e. amount of EITC per return equals or is less than the amount of EITC per computer) or had a no change result from an audit were not included in CIR calculations. These taxpayers were considered compliant for purposes of this report. Audit returns were only included if they were closed with an assessment. Results for audit returns were grouped by closing date.

SUB POPULATIONS

A. Taxpayers that did not file. CIR was calculated for all non-filers, with the exception of those who filed with an invalid TIN for TY 1997 or TY 1998. No CIR was claimed for these taxpayers because they may have filed using a valid or different TIN for TY 1999.

Non-filers were separated into two categories:

- Non-filers required to file in the base year based on income, filing status, primary taxpayer's date of birth;
- Non-filers not required to file in the base year based on income, filing status, and primary taxpayer's date of birth.

B. Taxpayers that filed but did not claim EITC. Filers that did not claim EITC for TY 1999 were divided into two categories based on eligibility for EITC as determined by the LET. The two categories are:

- Filers that were eligible for EITC based on the age of the qualifying child in 1999 (under age 24), the student-disability indicator³ and the modified adjusted gross income listed on their TY 1999 return. CIR was computed for taxpayers that were eligible for EITC based on LET, but did not claim EITC.

³ The student disability indicator indicated that the qualifying child is a student older than 18 but less than 24 or is disabled and over age 18.

- Filers that were ineligible for EITC based on the age of the dependent in 1999 (over age 23), the student-disability indicator and the modified adjusted gross income listed on their TY 1999 return. If the taxpayer moved out of the population for EITC based on LET, CIR was not claimed. CIR was not reported because the taxpayer was not eligible to receive EITC.

CIR was reported differently for taxpayers that received income-related enforcement actions. CIR was reported because these taxpayers were not eligible for EITC based on income, but they corrected behavior related to the enforcement action.

C. Taxpayers that filed and claimed EITC. Taxpayers that claimed EITC for TY 1999 and received either an EITC MEN or were audited as part of the EITC project codes listed in the MOU are considered repeaters of non-compliant behavior, but not necessarily the same non-compliant behavior. CIR is not reported for this population because the taxpayer continued to claim EITC and is again being treated for non-compliance.

CIR was calculated for taxpayers that filed and claimed EITC without receiving an EITC MEC or APC in TY 1999, and:

- received a qualifying child-related MEC or APC in the baseline year, and reduced the number of qualifying children claimed for TY 1999; or
- received an income-related MEC in the baseline year. Since these math errors are income specific, CIR was reported for taxpayers that corrected their behavior by claiming AGI that is eligible for EITC. However, CIR was not calculated for taxpayers that were subject to income-related audits because the taxpayer could repeat the behavior and not come under audit in the subsequent year.⁴

CIR CALCULATIONS

Audit Project Codes

The MOU specified that CIR would be measured using the EITC decreased amount provided in the ERIS data. This amount was only valid for APCs under circumstances specified in the business rules. The ERIS EITC Decreased Amount is used for all calculations to report CIR for APC taxpayers, with the exception of non-filers with a filing requirement and taxpayers that claimed EITC in TY1999 and had a qualifying child APC in TY1997.

Non-filers with filing requirement (based on their TY 1997 or TY 1998 filing status, age of primary taxpayer, and adjusted gross income). Because these taxpayers would have had a tax liability had they filed a 1999 tax return, CIR is equal to the amount of EITC that the taxpayer claimed in the base year, reduced by the amount of tax liability assessed from the original return. This lesser amount of EITC reflects the net of EITC protected and tax dollars not received by the Treasury.

⁴ The original report, issued August 2000, did not include CIR calculation for income-related MECs. This calculation was limited to taxpayers that reduced qualifying children. The TY 1997 baseline CIR was revised to include CIR for income-related MECs and will be carried forward for subsequent years.

Filers that claim EITC with a qualifying child APC and reduced the number of qualifying children. CIR for these taxpayers is equal to the difference of EITC claimed in the base year and EITC claimed in TY1999. Only positive amounts were used in the calculation.

Math Error Codes

Since the ERIS database did not have the correct EITC decreased amount for MEC cases, CIR was based on the ERIS calculation for revenue protected. CIR for MEC cases is equal to the difference between EITC claimed by the taxpayer and EITC computed by the IRS, adjusted for additional tax assessments or abatements, and also adjusted for EITC abatements and assessments. Details of this calculation can be found in the glossary, Appendix F. The exceptions for the calculations are: non-filers with a filing requirement, and filers that received a qualifying child MEN in TY1997, claimed EITC in TY1999, and reduced the number of qualifying children.

Non-filers with filing requirement (based on their TY 1997 or TY 1998 filing status, age of primary taxpayer, and adjusted gross income). Because these taxpayers would have had a tax liability had they filed a 1999 tax return, CIR is equal to the amount of EITC that the taxpayer claimed in the base year, reduced by the amount of tax liability assessed from the original return. This lesser amount of EITC reflects the net of EITC protected and tax dollars not received by the Treasury.

Taxpayers that reduced qualifying children from 2 to 1. CIR for these taxpayers is equal to the difference of EITC claimed in the base year and EITC claimed in TY1999. Since these taxpayers still claimed qualifying children for EITC, using the full amount of CIR would be an overstatement because the taxpayers were still entitled to EITC. Only positive amounts were used in the calculation.

FINDINGS

TY1997-TY1998 Baseline

CIR for the taxpayers that received a MEN or APC for TY1997 was calculated based on their compliance behavior for TY1998.⁵

Table 5. TY 1997-1998 Baseline CIR for MEC and APC

	Returns Filed TY97	CIR	Returns analyzed	Average CIR Per Return ¹	Mean ²	Number of Returns with CIR
APCs	318,733	\$267,989,980	259,320	\$1,033	\$1,743	153,753
MECs	486,012	\$116,060,137	483,931	\$240	\$955	121,520
Total	804,745	\$384,050,118	743,251	\$517	\$1,395	275,273

¹ Average CIR per Return = CIR/Returns Analyzed

² Mean = Total CIR/ Number of Returns with CIR

Taxpayers without an enforcement action or that did not receive a soft notice for TY1998 were analyzed for CIR in TY1999.

TY 1997-1999 Baseline

Table 6 displays the CIR for both APC and MEC for TY 1997 baseline returns based on the TY 1999 filing. The TY 1997 taxpayer was assigned to one of the three categories listed below based on their filing behavior in TY 1998. Baseline CIR was determined by the following behaviors:

- taxpayers that did not file in TY 1998;
- taxpayers that filed in TY 1998, but did not claim EITC; and,
- taxpayers that filed and claimed EITC in TY 1998.

The TY 1997 baseline amount of CIR was carried forward in TY 1999, unless the taxpayer received an EITC MEN or APC. If the taxpayer received an EITC MEN or APC in TY 1999, no CIR was reported. A breakdown of this table can be found in Appendix C (Table C-1).

Table 6. TY 1999 CIR Results for TY 1997 Baseline TINs.

CIR Calculations for TY97 Returns with EITC APCs and MECs ¹	Count	CIR
TY1997 Returns²	660,258	
Returns with a no change audit, audit that did not close or no change MEC	57,298	
Total Returns Analyzed	602,960	
Math Error Returns Analyzed	428,591	\$120,513,355
Audits Closed with Assessment in 1998	173,883	\$227,554,697
Audits Closed with Assessment in 1999	486	\$131,978
Total Returns for Analysis³	602,960	\$348,200,031
Taxpayers that did not file in TY1999	190,241	\$174,060,579
Taxpayers that filed but did not claim EITC in TY1999	181,000	\$146,544,227
Taxpayers that filed and claimed EITC in TY1999	231,719	\$27,595,226
Total	602,960	\$348,200,031

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Total Returns for Analysis = Math Error Returns Analyzed plus Audits Closed for Assessment in 1998 or 1999.

⁵ The TY1997-TY1998 CIR baseline was modified from the report issued August 2000 to account for additional data elements, refined methodology and late filers. Total CIR reported in the original report was \$396,412,527. The revised TY1997 database and CIR totals will be carried forward for the TY1997 taxpayers that remain compliant in subsequent years, including TY1999 reported in this document.

Table 7 is a breakdown of TY1999 CIR by MEC and APC for TY 1997 returns.

Table 7. Breakdown by MEC and APC of TY 1999 CIR for TY 1997 Baseline TINs

TY1999 CIR RESULTS FOR TY1997 BASELINE TINs						
	Total CIR	Returns Filed TY1997	Returns Analyzed ¹	CIR per ² Return	Mean ³	Returns with CIR
APCs (closed CY1998)						
Income Issues						
653	\$82,773	804	190	\$436	\$804	103
Non Qualifying Taxpayer Issues						
602	\$0	379	0			0
Qualifying Children Issues						
652	\$45,101	312	35	\$1,289	\$1,735	26
725	\$7,370,414	14,448	6,236	\$1,182	\$1,690	4,362
Other Issues						
606	\$202,078,662	195,244	157,136	\$1,286	\$1,690	119,589
607	\$2,357,673	2,045	1,435	\$1,643	\$2,224	83
641	\$740	2	1	\$740	\$740	1
642	\$15,137,824	15,599	8,519	\$1,777	\$2,397	6,315
654	\$481,511	962	331	\$1,455	\$2,219	217
Total	\$227,554,697	229,795	173,883	\$1,309	\$1,741	130,696
APCs (closed CY1999)						
Income Issues						
653	\$0	804	0			
Non Qualifying Taxpayer Issues						
602	\$0	379	4			
Qualifying Children Issues						
652	\$0	312	1			
725	\$30,294	14,448	80	\$379	\$1,082	28
Other Issues						
606	\$86,273	195,244	346	\$249	\$674	128
607	\$0	2,045	7			
641	\$0	2	0			
642	\$14,157	15,599	43	\$329	\$885	16
654	\$1,254	962	5	\$251	\$418	3
Total	\$131,978	229,795	486	\$272	\$754	175
MECs						
Income Issues						
649	\$3,149	45	23	\$137	\$262	12
654	\$10,131	24	24	\$422	\$1,447	7
Non Qualifying Taxpayer Issues						
701	\$1,497,930	8,396	8,376	\$179	\$721	2,079
702	\$13,099,762	15,452	15,446	\$848	\$1,199	10,775
748	\$5,247,108	70,987	70,832	\$74	\$734	7,146
Qualifying Children Issues						
743	\$12,817,974	34,879	34,622	\$370	\$804	16,067
744	\$79,831,155	292,688	291,288	\$274	\$586	136,140
745	\$8,006,147	7,992	7,980	\$1,003	\$1,422	5,630
Total	\$120,513,355	430,463	428,591	\$281	\$678	177,856
Total MECs & APCs	\$348,200,031	660,258	602,960	\$577	\$1,128	308,727

¹ Audits closed in CY1998 or CY1999 with assessment; or returns with MECs that had EITC per return greater than

EITC per computer

² CIR per return = CIR>Returns Analyzed

³ Mean = CIR>Returns with CIR

FINDINGS for TY 1997-1999:

APC FINDINGS

- Total CIR for APCs was \$228 million.
- APC 606, head of household, was the largest APC with a total CIR of \$202 million, representing 89% of all APC CIR.
- APC 642, CI referrals, had the highest CIR per return with \$1,777.

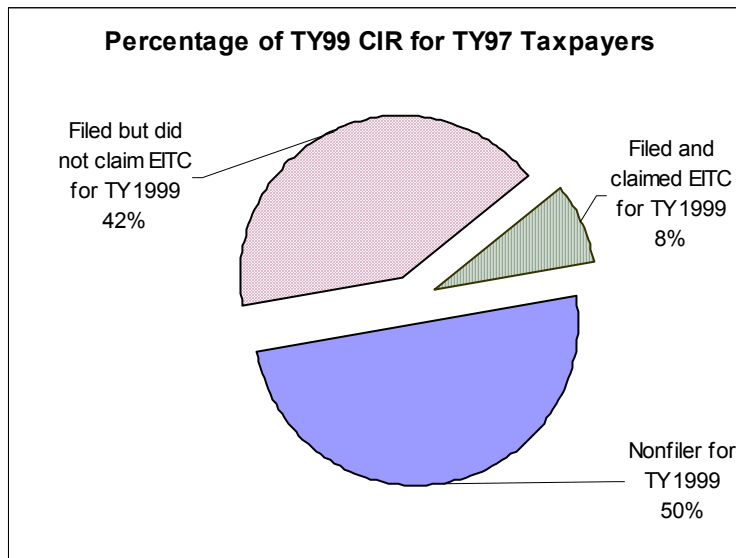
MEC FINDINGS

- CIR for MECs was \$121 million.
- MEC 744, qualifying child SSN/name mismatch, was the largest MEC with \$80 million in CIR, representing 66% of total CIR for MECs.

APC and MEC FINDINGS

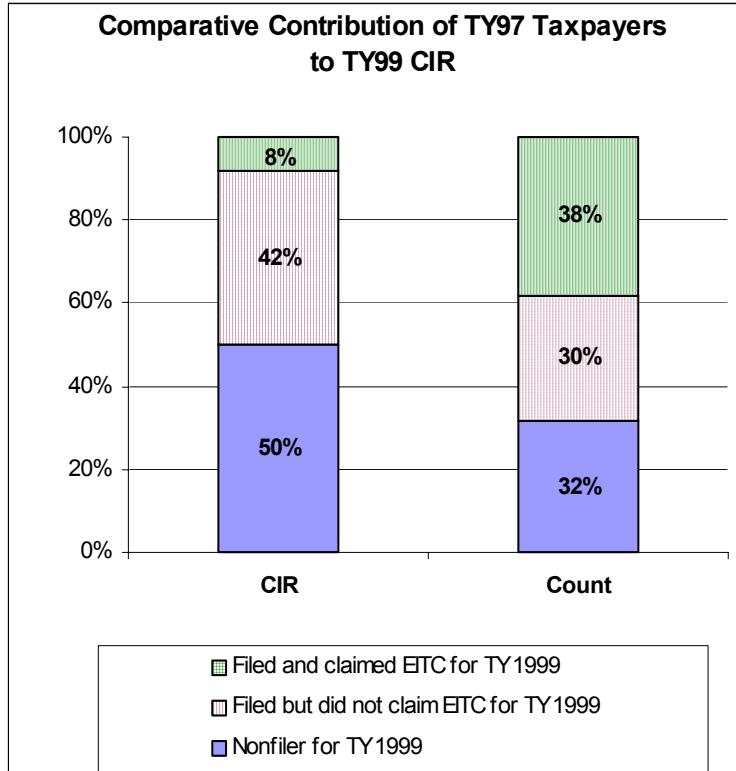
- Total CIR for both MECs and APCs was approximately \$348 million.
- Thirty two percent of all TY 1997 filers did not file in TY 1999.
- Eight percent of the TY 1997 filers received an EITC MEC or APC in TY 1999.
- Nonfilers accounted for 50% of total CIR, while taxpayers that claimed EITC accounted for only 8%. (Figure 1)

Figure 1. Percentage of TY99 CIR for TY97 Taxpayers



- While filers claiming EITC were 38% of the population, they only accounted for 8% of total CIR. Filers that did not claim EITC were 30% of the population and accounted for 42% of total CIR. (Figure 2)

Figure 2. Comparative Contribution of TY97 Taxpayers to TY99 CIR



FINDINGS for TY 1998-1999

Table 8 shows the amount of CIR reported for taxpayers that received an EITC MEN or APC for TY1998. CIR was calculated based on their compliance behavior for TY1998.

Table 8. CIR for TY 1998 Returns

CIR Calculations for TY98 Returns with EITC APCs and MECs ¹	Count	CIR
Returns Filed TY1998	467,120	
Returns with a no change audit, audit that did not close or no change MEC	52,692	
Total Returns Analyzed	414,428	
Math Error Returns Analyzed	375,452	\$99,886,114
Audits Closed with Assessment in 1999	38,976	\$46,181,043
Total Returns for Analysis	414,428	\$146,067,157
Taxpayers that did not file in TY1999	87,516	\$71,700,245
Taxpayers that did not claim EITC for TY1999	94,432	\$54,606,785
Taxpayers that claimed EITC for TY1999	232,480	\$19,760,128
Total	414,428	\$146,067,157

¹Data Source: ERIS TY 1998 and IRTF, IMF TY1999

Table 9 gives a breakdown of CIR by APC and MEC for TY 1998 TINs.

Table 9. CIR for TY 98-99 by APC and MEC

	CIR	Returns Filed TY98	Returns Analyzed ¹	CIR per ² Return	Mean ³	Returns with CIR
APCs						
INCOME ISSUES						
608	\$8,020,666	22,328	7,717	\$1,039	\$2,290	3,506
612	\$0	1	1			
653	\$5,381	33	10	\$538	\$1,794	3
NON QUALIFYING TAXPAYER ISSUES						
602	\$0	10	1			
694	\$12,676,138	16,986	10,755	\$1,179	\$1,832	6,920
QUALIFYING CHILDREN ISSUES						
652	\$169,874	718	142	\$1,196	\$1,867	91
725	\$1,822,837	5,029	1,802	\$1,012	\$1,841	990
OTHER ISSUES						
606	\$8,118,144	11,229	7,276	\$1,116	\$1,787	4,543
607	\$531,030	3,611	371	\$1,431	\$2,124	250
610	\$14,835,148	29,647	10,899	\$1,361	\$2,177	6,816
611	\$1,827	2	2	\$914	\$1,827	1
641	\$0	2	0		\$0	0
Total	\$46,181,043	89,596	38,976	\$1,185	\$1,997	23,120
MECS						
INCOME ISSUES						
649	\$1,587,266	9,439	9,035	\$176	\$474	3,348
654	\$3,619,111	17,694	17,691	\$205	\$695	5,207
NON QUALIFYING TAXPAYER ISSUES						
701	\$1,408,688	4,043	4,037	\$349	\$818	1,722
702	\$6,165,251	8,375	8,373	\$736	\$1,156	5,334
748	\$8,719,367	55,516	55,423	\$157	\$925	9,424
QUALIFYING CHILDREN ISSUES						
743	\$5,697,965	19,750	19,574	\$291	\$838	6,796
744	\$69,388,983	258,567	257,191	\$270	\$757	91,654
745	\$3,299,484	4,140	4,128	\$799	\$1,347	2,450
Total	\$99,886,114	377,524	375,452	\$266	\$793	125,935
Total APCs & MECS	\$146,067,157	467,120	414,428	\$352	\$980	149,055

¹ Audits closed in CY1999 with assessment; or returns with MECS that had EITC per return greater than EITC per computer

² CIR per return = CIR/Returns Analyzed

³ Mean = CIR/Returns with CIR

APC FINDINGS

- Total TY 1999 CIR for TY 1998 APC returns is \$46 million.
- APC 607, EITC ineligible other (1040X), has the highest CIR per return with \$1,431.
- APC 610, Head of Household, is the largest APC, representing 32% of total CIR for APC.

MEC FINDINGS

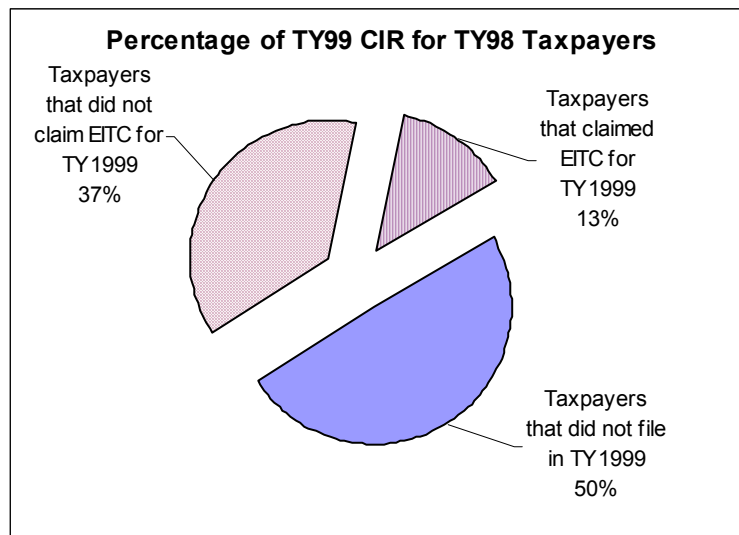
- Total TY 1999 CIR for TY 1998 MEC returns is approximately \$100 million.
- MEC 744, qualifying child SSN/name mismatch, is the largest MEC with a total CIR of approximately \$69 million representing 69% of the total MEC CIR.

- MEC 745, qualifying child ITIN, has the highest average CIR with \$1,347.

APC and MEC FINDINGS

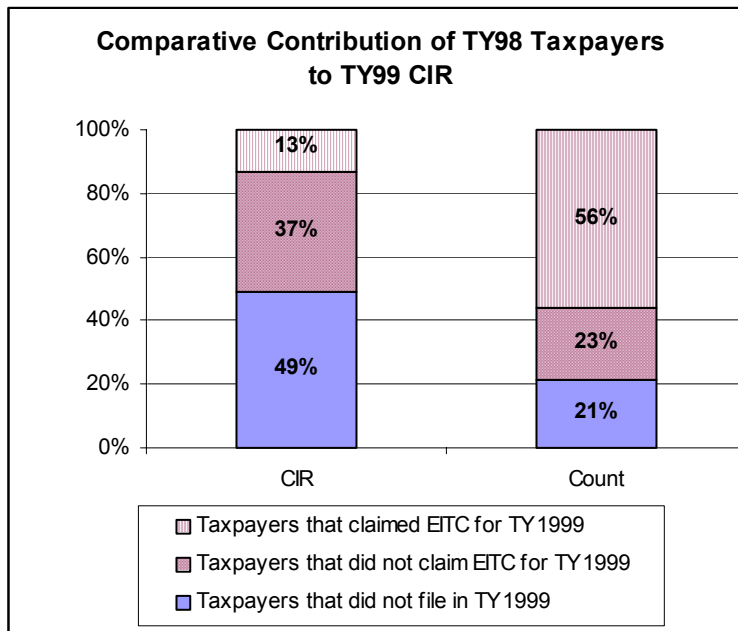
- Overall, APCs showed better results at generating CIR than MENs. The APCs have a higher mean CIR at \$1,997 versus \$793 for MENs.
- The APCs also have a higher CIR per return at \$1,185 versus \$266 for MENs.
- Twelve percent of the TY 1998 filers exhibited non-compliant behavior in TY1999.
- Twenty-one percent of the TY 1998 filers did not file a TY 1999 return.
- Nonfilers accounted for 50% of total CIR, while taxpayers claiming EITC accounted for only 13% (Figure 3).

Figure 3. Percentage of TY99 CIR for TY98 Taxpayers



- While filers claiming EITC were 56% of the population, they only accounted for 13% of total CIR. Filers that did not claim EITC were 23% of the population and accounted for 37% of total CIR. (Figure 4)

Figure 4. Comparative Contribution of TY98 Taxpayers to TY99 CIR



APPENDIX A - YEAR OF BIRTH SOFT NOTICE

Department of the Treasury
Internal Revenue Service
XXXXXX
XXXXXX

Letter 3178
Date of letter: December 15, 1998
Your SSN: XXX-XX-XXXX
For Assistance Call: 1-800-808-4262

In processing your 1997 tax return, Social Security data indicates that the child shown on Schedule EIC for the social security number(s) listed below does not meet the age test of the law. It is not necessary to call us about this. However, if the person doesn't meet the rules, do not claim the person(s) as a qualifying child on your 1998 Schedule EIC. Also, you should amend your 1997 return by filing the enclosed Form 1040X, Amended U.S. Individual Income Tax Return, if you weren't entitled to claim the earned income tax credit in 1997.

**The SSN(s) and the year(s) of birth shown on Schedule EIC are: XXX-XX-XXXX 19XX
XXX-XX-XXXX 19XX**

To meet the age test the child must be under age 19 at the end of the year, or be a full time student under age 24 at the end of the year, or be permanently and totally disabled. In addition, the taxpayer must meet identification, relationship and residency tests. The identification requirements are met if the correct name, age, and social security number (SSN) of the child are provided on the Schedule EIC. To meet the relationship test, the child must be your son, daughter, adopted child (or a descendent of your son, daughter or adopted child), stepchild, or eligible foster child. To meet the residency test, the child must live with you in the United States for more than half the year. All of these requirements must be met to claim the earned income credit for a child.

If the relationship, residency, and age tests are met, please take the following action to make sure that you meet the identification requirements on your 1998 Schedule EIC:

1. Please compare the above SSN(s) with the social security card(s) of the person(s) you listed on your Schedule EIC.
2. Please ensure you recorded the correct year(s) of birth for the qualifying child or children listed on your Schedule EIC. If you recorded the correct year(s) of birth and it does not agree with the year(s) of birth shown above, it is possible we made an error in processing your return and no further action is necessary.
3. If the qualifying child meets the full time student or the disabled exception, please ensure that you check the appropriate box on the Schedule EIC.
4. If you used an incorrect SSN and/or incorrect year of birth, please use the correct information on future returns.
5. If the SSN(s) and year(s) of birth shown above are correct for the child or children, please contact the Social Security Administration and ask them to correct their records.

Thank you for your cooperation.

Sincerely,

Director, Service Center

Enclosures: Form 1040X and Instructions

Catalog No. 26923I

Letter 3178 (DO) (12-1998)

Table A-1 Year of Birth Soft Notice Rules

TY1998	TY1999	CIR1999¹
Nonfiler	Nonfiler	
	No requirement Filing requirement	CIR = EITC per Computer TY1997 CIR = EITC per Return TY1997 minus Tax Liability per Computer TY1997
	Filed, did not claim EITC	
	Eligible	CIR = EITC per Computer TY1997
	Ineligible	CIR = 0
	Filed, EITC claimed,	
	Received a MEC or APC (other than MEC 653 or APC 694)	CIR = 0
	Received a MEC 653	CIR = 0
	Received an APC 694	CIR = 0
	No MEC or APC	
	Reduced Number of QC from 2 to 1	CIR = EITC per Return TY1997 minus EITC per Return TY1999
	Reduced Number of QC to zero	CIR = EITC per Return TY1997 minus EITC per Return TY1999
Did not reduce the number of QC	CIR = 0	
Filer Did Not Claim EITC	Nonfiler	
	No requirement Filing requirement	CIR = EITC per Computer TY1997 CIR = EITC per Return TY1997 minus Tax Liability per Computer TY1997
	Filed, did not claim EITC	
	Eligible	CIR = EITC per Computer TY1997
	Ineligible	CIR = 0
	Filed, EITC claimed,	
	Received a MEC or APC (other than MEC 653 or APC 694)	CIR = 0
	Received a MEC 653	CIR = 0
	Received an APC 694	CIR = 0
	No MEC or APC	
	Reduced Number of QC from 2 to 1	CIR = EITC per Return TY1997 minus EITC per Return TY1999
	Reduced Number of QC to zero	CIR = EITC per Return TY1997 minus EITC per Return TY1999
Did not reduce the number of QC	CIR = 0	
Filer Claimed EITC	Nonfiler	
	No requirement Filing requirement	CIR = EITC per Computer TY1997 CIR = EITC per Return TY1997 minus Tax Liability per Computer TY1997
	Filed, did not claim EITC	
	Eligible	CIR = EITC per Computer TY1997
	Ineligible	CIR = 0
	Filed, EITC claimed,	
	Received a MEC or APC (other than MEC 653 or APC 694)	CIR = 0
	Received a MEC 653	CIR = 0
	Received an APC 694	CIR = 0
	No MEC or APC	
	Reduced Number of QC 2 to 1	CIR = EITC per Return TY1997 minus EITC per Return TY1999
	Reduced Number of QC to zero	CIR = EITC per Return TY1997 minus EITC per Return TY1999
Did not reduce the number of QC	CIR = 0	

¹ Data reflects only positive values

Table A-2 TY 1999 CIR for TY 1997 Taxpayers that Received Year of Birth Soft Notice

TY 1999 CIR Calculations for TY1997 Taxpayers that Received Year of Birth Soft Notice	Sub-Sets		Count	CIR
Total Returns Filed TY1997			26,783	
Taxpayers with a match on the APC and MEC TY 1998 file*			523	
Total Returns for Analysis			26,260	
Taxpayers that did not file in TY1998			3,339	
Nonfiler for TY1999		2,681		
TY1997 AGI below filing requirement for TY1999	1,433			\$2,215,771
TY1997 AGI above filing requirement for TY1999	1,248			\$1,374,026
Filed but did not claim EITC for TY1999		226		
Eligible for EITC based on age of QC ¹ and income	137			\$7,093
Ineligible for EITC based on age of QC and income	89			
Filed and claimed EITC for TY1999		432		
Received an MEN or APC for TY1999 (other than MEN 653 or APC 694)	21			
Received MEN 653	3			
Received APC 694	0			
Did not receive an MEN or APC for TY1999	408			
Did not reduce QC	408			
Reduced QC from 2 to 1	0			\$0
Reduced QC from 2 or 1 to zero	0			\$0
Taxpayers that filed but did not claim EITC in TY1998			7,403	
Nonfiler for TY1999		1,016		
TY98 AGI below filing requirement for TY1999	271			\$430,259
TY98 AGI above filing requirement for TY1999	745			\$392,542
Filed but did not claim EITC for TY1999		4,884		
Eligible for EITC based on age of QC and income	2,397			\$2,911,375
Ineligible for EITC based on age of QC and income	2,487			
Filed and claimed EITC for TY1999		1,503		
Received a MEC or APC for TY1999 (other than MEN 653 or APC 694)	108			
Received MEN 653	4			
Received APC 694	4			
Did not receive an MEN or APC for TY1999				
Did not reduce QC	1,387			
Reduced QC from 2 to 1	0			
Reduced QC from 2 or 1 to zero	0			
Taxpayers that filed and claimed EITC in TY1998			15,518	
Nonfiler for TY1999		2,013		
TY1998 AGI below filing requirement for TY1999	1,051			\$1,957,136
TY1998 AGI above filing requirement for TY1999	962			\$1,166,714
Taxpayers that filed but did not claim EITC in TY1999		2,498		
Eligible for EITC based on age of QC and income	1,378			\$2,123,704
Ineligible for EITC based on age of QC and income	1,120			
Taxpayers that filed and claimed EITC for TY1999		11,007		
Received a MEN or APC for TY1999 (other than MEN 653 or APC 694)	567			
Received MEN 653	19			
Received APC 694	8			
Did not receive an MEN or APC for TY1999				
Did not reduce QC	9,556			
Reduced QC from 2 to 1	446			\$265,104
Reduced QC from 2 or 1 to zero	411			\$298,238
Total	26,260	26,260	26,260	\$13,141,962

*Taxpayer TINs for the population that received the year of birth soft notice were matched against the TY 1998 MEC and APC file. Matches were removed to avoid double counting of CIR.

APPENDIX B - DUPLICATE TIN SOFT NOTICE

Department of the Treasury
Internal Revenue Service

Letter Number: **2984A(SC)**
Letter Date:
Taxpayer Identification Number:
Tax Period: Dec. 31, 1998
For General Information: 1-800-829-1040

<<firstname>>
<<secname>>
<<streetadd>>
<<cityst>> <<mailzip>>

Dear Taxpayer:

Our records show that we received two or more 1998 federal income tax returns, including yours, using the same social security number(s) to claim a tax benefit. The tax benefit involves one or both of the following:

- 1. dependency exemption(s) and/or qualifying child(ren) for earned income credit (EIC)
- 2. a dependent filing a return and claiming an exemption for him/herself

The duplicated social security number(s) is:

Please compare the above social security number(s) with the social security card(s) of the person(s) you claimed on your tax return. If you used an incorrect number(s) on your 1998 tax return, you do not need to notify us of the error. However, use only the correct number(s) in the future.

It is possible that there has been an error or misunderstanding of the law. Only one taxpayer can legally claim a person as a dependent for an exemption and/or qualifying child for EIC. Before filing your 1999 return, please make sure you are entitled to claim the person(s) whose social security number(s) is listed above. If you are uncertain about the requirements of the law, you should review your 1999 Form 1040 tax package. You also may consult with your tax advisor or tax preparer, or call us at the toll free telephone number shown at the top of this page.

If you are entitled to claim a dependency exemption and/or EIC for the person(s) whose social security number(s) is listed above, you don't need to take any action. If you are not entitled to claim an exemption for the person(s) in 1999, do not take the exemption(s) on your 1999 tax return. Also, if you were not entitled to claim the person(s) in 1998, you should amend your 1998 return by filing the enclosed Form 1040X, Amended U.S. Individual Income Tax Return.

You don't need to contact us about this letter. However, if you do contact us, our representatives can provide only tax law assistance. The law prohibits us from disclosing the identity of the other person(s) who used the same social security number(s) on their return. Thank you for your cooperation.

Sincerely,

<<name>>
<<title>>

Enclosures:
Form 1040X and Instructions

Catalog Number 25151I

Letter 2984A(SC) (07-00)

Table B-1 Duplicate TIN Soft Notice Rules

TY1999	CIR 1999 ¹
Duplicate QC	CIR=\$0
Non - Filers	
Filing requirement TY99	CIR = EITC (TY98) - TC150 amount for TY1998
No filing requirement TY99	CIR = EITC per computer (TY1998)
Received a MEN or APC in TY1999	CIR = \$0
Filed, did not claim EITC	
Eligible	CIR = EITC per Computer (TY1998)
Ineligible	CIR = \$0
Filed, Claimed EITC	
Received MEN or APC	CIR = \$0
No MEC or APC	
Reduced Number of QC from 2 to 1	CIR = EITC (TY 1998) - EITC (TY1999) ¹
Reduced Number of QC to 0	CIR = EITC (TY 1998) - EITC (TY1999) ¹

¹ Data reflects only positive values

APPENDIX C - CIR CALCULATIONS FOR ENFORCEMENT ACTIONS ON TY 1997 TAXPAYERS

Table C-1 List of TY 1999 CIR Tables for TY1997 TINs

Table #	MEC/APC
C-1	List of TY 1999 CIR Tables for TY1997 TINs
C-2	TY 1999 CIR Results for TY 1997 Baseline TINs
MATH ERROR CODES	
INCOME ISSUES	
C-3	649 - Modified AGI Error
C-4	654 - EITC Disallowed Due to Investment Income
NON-QUALIFYING TAXPAYER ISSUES	
C-5	701 - Secondary TIN Missing/Invalid
C-6	702 - Primary/Secondary ITIN
C-7	748 - Primary TIN Invalid
QUALIFYING CHILD ISSUES	
C-8	743 - Qualifying Child TIN Missing
C-9	744 - Qualifying Child TIN Invalid
C-10	745 - Qualifying Child ITIN
AUDIT PROJECT CODES	
INCOME ISSUES	
C-11	653 - EITC and Self Employment Tax (closed 1998)
C-12	653 - EITC and Self Employment Tax (closed 1999)
NON-QUALIFYING TAXPAYER ISSUES	
C-13	602 - EITC Decedents (closed 1998)
C-14	602 - EITC Decedents (closed 1999)
QUALIFYING CHILDREN ISSUES	
C-15	641 - Qualifying Child's SSN is Missing (closed 1998)
C-16	641 - Qualifying Child's SSN is Missing (closed 1999)
C-17	652 - EITC Duplicate Use of TIN for QC (closed 1998)
C-18	652 - EITC Duplicate Use of TIN for QC (closed 1999)
C-19	725 - EITC Duplicate TIN Repeater (closed 1998)
C-20	725 - EITC Duplicate TIN Repeater (closed 1999)
OTHER ISSUES	
C-21	606 - EITC Ineligible (closed 1998)
C-22	606 - EITC Ineligible (closed 1999)
C-23	607 - EITC Ineligible Other (1040x) (closed 1998)
C-24	607 - EITC Ineligible Other (1040x) (closed 1999)
C-25	642 - Criminal Investigation (CI) Referral (closed 1998)
C-26	642 - Criminal Investigation (CI) Referral (closed 1999)
C-27	654 - EITC Repeater (closed 1998)
C-28	654 - EITC Repeater (closed 1999)

Table C-2 TY 1999 CIR Results for TY 1997 Baseline TINs.

CIR Calculations for TY97 Returns with EITC APCs and MECs ¹	Sub-Sets		Count	CIR
Returns Filed TY1997 ²			660,258	
Math Error Returns		430,463		
No Change MEC Returns ³	1,872			
Math Error Returns Analyzed			428,591	
Audit Project Returns		229,795		
Audits Not Closed in 1998	55,912			
Audits Closed with Assessment in 1998			173,883	
Audits Closed with Assessment in 1999			486	
Total Returns for Analysis ⁴			602,960	
Taxpayers that did not file in TY1998			173,476	
Nonfiler for TY1999		127,717		
TY1998 AGI below filing requirement for TY1999	46,406			\$45,563,553
TY1998 AGI above filing requirement for TY1999	81,311			\$74,487,773
Filed but did not claim EITC for TY1999		19,226		
Eligible for EITC based on age of QC ⁵ and income	18,179			\$25,683,292
Ineligible for EITC based on age of QC ⁵ and income	1,047			\$1,826
Filed and claimed EITC for TY1999		26,533		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	2,914			
Received MEC 653 (recertification)	5,257			
Received APC 694 (recertification)	6,985			
Did not receive an MEC or APC for TY1999	1,297			\$0
Did not reduce QC	7,407			
Reduced QC from 2 to 1	1,201			\$1,045,245
Reduced QC from 2 or 1 to zero	1,472			\$2,024,002
Taxpayers that filed but did not claim EITC in TY1998			193,631	
Nonfiler for TY1999		32,981		
TY1998 AGI below filing requirement for TY1999	6,040			\$6,641,536
TY1998 AGI above filing requirement for TY1999	26,941			\$24,496,877
Filed but did not claim EITC for TY1999		125,832		
Eligible for EITC based on age of QC ⁵ and income	117,073			\$116,437,810
Ineligible for EITC based on age of QC ⁵ and income	8,759			-\$1,485
Filed and claimed EITC for TY1999		34,818		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	3,153			
Received MEC 653 (recertification)	6,757			
Received APC 694 (recertification)	9,254			
Did not receive an MEC or APC for TY1999	1,954			\$133
Did not reduce QC	10,381			
Reduced QC from 2 to 1	1,487			\$1,258,820
Reduced QC from 2 or 1 to zero	1,832			\$2,581,520
Taxpayers that filed and claimed EITC in TY1998			235,853	
Nonfiler for TY1999		29,543		
TY1998 AGI below filing requirement for TY1999	12,742			\$4,773,951
TY1998 AGI above filing requirement for TY1999	16,801			\$18,096,889
Taxpayers that filed but did not claim EITC in TY1999		35,942		
Eligible for EITC based on age of QC ⁵ and income	32,204			\$4,422,662
Ineligible for EITC based on age of QC ⁵ and income	3,738			\$122
Taxpayers that filed and claimed EITC for TY1999		170,368		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	8,176			
Received MEC 653 (recertification)	2,343			
Received APC 694 (recertification)	3,228			
Did not receive an MEC or APC for TY1999	15,145			\$5,785
Did not reduce QC	122,241			
Reduced QC from 2 to 1	14,209			\$14,261,992
Reduced QC from 2 or 1 to zero	5,026			\$6,417,730
Total	602,960	602,960	602,960	\$348,200,031

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ EITC per return <= EITC per computer

⁴ Total Returns for Analysis = Math Error Returns Analyzed plus Audits Closed for Assessment in 1998 and 1999.

⁵ Qualifying Child (QC)

TY1997-1999

MATH ERROR CODES

MEC Income Issues TY 1997-1999

Table C-3 MEC 649 Modified AGI Error

CIR Calculations for TY97 Returns with MEC 649 ¹ Modified AGI Error	Sub-Sets		Count	CIR	Computation
Returns Filed TY1997 ²			45		
No Change Returns ³			22		
Total Returns for Analysis			23		
Taxpayers that did not file in TY1998			7		
Nonfiler for TY1999		5			
TY1998 AGI below filing requirement for TY1999	4			\$306	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	1			\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		2			
Eligible for EITC based on age of QC ⁶ and income	1				
Ineligible for EITC based on age of QC ⁶ and income	1			\$1,650	RP97 ⁴
Filed and claimed EITC for TY1999		0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	0				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999	0			\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998			8		
Nonfiler for TY1999		1			
TY1998 AGI below filing requirement for TY1999	0			\$0	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	1			\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		7			
Eligible for EITC based on age of QC ⁶ and income	4				
Ineligible for EITC based on age of QC ⁶ and income	3			-\$2,112	RP97 ⁴
Filed and claimed EITC for TY1999		0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	0				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999	0			\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998			8		
Nonfiler for TY1999		3			
TY1998 AGI below filing requirement for TY1999	2			\$303	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	1			\$2,888	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		2			
Eligible for EITC based on age of QC ⁶ and income	1				
Ineligible for EITC based on age of QC ⁶ and income	1			\$114	RP97 ⁴
Taxpayers that filed and claimed EITC for TY1999		4			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	0				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999	4			\$0	EIC97-EIC99 ⁷
Total	23	23	23	\$3,149	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998

³ EITC per return <= EITC per computer

⁴ RP97 = amount of CIR generated in TY97 = (EITC per return - EITC per computer) + TC764 amount + TC765 amount + TC29x53 amount + TC29x54 amount (negative values represent EITC abatement)

⁵ EITC Per Return TY97 - TC150 Amount TY97 (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-4 MEC 654 EITC Disallowed Due to Investment Income

CIR Calculations for TY1997 Returns with MEC 654 ¹ EITC Disallowed Due to Investment Income	Sub-Sets		Count	CIR	Computation
Returns Filed TY1997 ²			24		
No Change Returns ³			0		
Total Returns for Analysis			24		
Taxpayers that did not file in TY1998			4		
Nonfiler for TY1999		4			
TY1998 AGI below filing requirement for TY1999	0			\$0	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	4			\$3,993	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		0			
Eligible for EITC based on age of QC ⁶ and income	0				
Ineligible for EITC based on age of QC ⁶ and income	0			\$0	RP97 ⁴
Filed and claimed EITC for TY1999		0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	0				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999	0			\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998			8		
Nonfiler for TY1999		0			
TY1998 AGI below filing requirement for TY1999	0			\$0	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	0			\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		7			
Eligible for EITC based on age of QC ⁶ and income	7				
Ineligible for EITC based on age of QC ⁶ and income	0			\$0	RP97 ⁴
Filed and claimed EITC for TY1999		1			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	0				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999	1			\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998			12		
Nonfiler for TY1999		2			
TY1998 AGI below filing requirement for TY1999	1			\$133	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	1			\$220	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		3			
Eligible for EITC based on age of QC ⁶ and income	3				
Ineligible for EITC based on age of QC ⁶ and income	0			\$0	RP97 ⁴
Taxpayers that filed and claimed EITC for TY1999		7			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	0				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999	7			\$5,785	EIC97-EIC99 ⁷
Total	24	24	24	\$10,131	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998

³ EITC per return <= EITC per computer

⁴ RP97 = amount of CIR generated in TY97 = (EITC per return - EITC per computer) + TC764 amount + TC765 amount + TC29x53 amount + TC29x54 amount

⁵ EITC Per Return TY97 - TC150 Amount TY97 (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

MEC Non Qualifying Taxpayer Issues TY 1997-1999

Table C-5 MEC 701 Secondary TIN Missing/Invalid

CIR Calculations for TY97 Returns with MEC 701 ¹ Secondary TIN Missing/Invalid	Sub-Sets		Count	CIR	Computation
Returns Filed TY1997²			8,396		
No Change Returns ³			20		
Total Returns for Analysis			8,376		
Taxpayers that did not file in TY1998			2,327		
Nonfiler for TY1999 ⁴		1,893			
TY1998 AGI below filing requirement for TY1999	683				
TY1998 AGI above filing requirement for TY1999	1,210				
Filed but did not claim EITC for TY1999		165			
Eligible for EITC based on age of QC ⁶ and income	147			\$158,480	RP97 ⁵
Ineligible for EITC based on age of QC ⁶ and income	18				
Filed and claimed EITC for TY1999		269			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	47				
Received MEC 653 (recertification)	0				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999	222				
Taxpayers that filed but did not claim EITC in TY1998			2,447		
Nonfiler for TY1999		422			
TY1998 AGI below filing requirement for TY1999 ⁴	95				
TY1998 AGI above filing requirement for TY1999	327				
Filed but did not claim EITC for TY1999		1,587			
Eligible for EITC based on age of QC ⁶ and income	1,427			\$1,093,900	RP97 ⁵
Ineligible for EITC based on age of QC ⁶ and income	160				
Filed and claimed EITC for TY1999		438			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	85				
Received MEC 653 (recertification)	1				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999	352				
Taxpayers that filed and claimed EITC in TY1998			3,602		
Nonfiler for TY1999 ⁴		451			
TY1998 AGI below filing requirement for TY1999	221				
TY1998 AGI above filing requirement for TY1999	230				
Taxpayers that filed but did not claim EITC in TY1999		574			
Eligible for EITC based on age of QC ⁶ and income	505			\$245,550	RP97 ⁵
Ineligible for EITC based on age of QC ⁶ and income	69				
Taxpayers that filed and claimed EITC for TY1999		2,577			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	123				
Received MEC 653 (recertification)	2				
Received APC 694 (recertification)	1				
Did not receive an MEC or APC for TY1999	2,451				
Total	8,376	8,376	8,376	\$1,497,930	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998

³ EITC per return <= EITC per computer

⁴ CIR is not calculated for nonfilers with invalid TIN since taxpayer could have filed in subsequent year using a different TIN

⁵ RP97 = amount of CIR generated in TY97 = (EITC per return - EITC per computer) + TC764 amount + TC765 amount + TC29x53 amount + TC29x54 amount

⁶ Qualifying Child (QC)

Table C-6 MEC 702 Primary/Secondary ITIN

CIR Calculations for TY97 Returns with MEC 702 ¹ ITIN	Primary/Secondary	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997²			15,452		
No Change Returns ³			6		
Total Returns for Analysis			15,446		
Taxpayers that did not file in TY1998			4,529		
Nonfiler for TY1999		3,598			
TY1998 AGI below filing requirement for TY1999		498		\$668,936	RP97 ⁴
TY1998 AGI above filing requirement for TY1999		3,100		\$3,663,720	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999			673		
Eligible for EITC based on age of QC ⁶ and income		668		\$1,007,991	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income		5			
Filed and claimed EITC for TY1999			258		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)		129			
Received MEC 653 (recertification)		0			
Received APC 694 (recertification)		0			
Did not receive an MEC or APC for TY1999		129			
Taxpayers that filed but did not claim EITC in TY1998			7,663		
Nonfiler for TY1999			1,004		
TY1998 AGI below filing requirement for TY1999		192		\$235,471	RP97 ⁴
TY1998 AGI above filing requirement for TY1999		812		\$802,051	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999			5,609		
Eligible for EITC based on age of QC ⁶ and income		5,515		\$6,022,619	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income		94			
Filed and claimed EITC for TY1999			1,050		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)		253			
Received MEC 653 (recertification)		0			
Received APC 694 (recertification)		0			
Did not receive an MEC or APC for TY1999		797			
Taxpayers that filed and claimed EITC in TY1998			3,254		
Nonfiler for TY1999			236		
TY1998 AGI below filing requirement for TY1999		55		\$42,005	RP97 ⁴
TY1998 AGI above filing requirement for TY1999		181		\$184,891	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999			752		
Eligible for EITC based on age of QC ⁶ and income		707		\$472,078	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income		45			
Taxpayers that filed and claimed EITC for TY1999			2,266		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)		120			
Received MEC 653 (recertification)		4			
Received APC 694 (recertification)		0			
Did not receive an MEC or APC for TY1999		2,142			
Total		15,446	15,446	15,446	\$13,099,762

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998

³ EITC per return <= EITC per computer

⁴ RP97 = amount of CIR generated in TY97 = (EITC per return - EITC per computer) + TC764 amount + TC765 amount + TC29x53 amount + TC29x54 amount

⁵ EITC Per Return TY97 - TC150 Amount TY97 (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-7 MEC 748 Primary TIN Invalid

CIR Calculations for TY97 Returns with MEC 748 ¹ TIN Invalid	Primary	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997²			70,987		
No Change Returns ³			155		
Total Returns for Analysis			70,832		
Taxpayers that did not file in TY1998			38,363		
Nonfiler for TY1999 ⁴		35,437			
TY1998 AGI below filing requirement for TY1999		8,773			
TY1998 AGI above filing requirement for TY1999		26,664			
Filed but did not claim EITC for TY1999		1,268			
Eligible for EITC based on age of QC ⁶ and income		1,133		\$1,434,813	RP97 ⁵
Ineligible for EITC based on age of QC ⁶ and income		135			
Filed and claimed EITC for TY1999		1,658			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)		712			
Received MEC 653 (recertification)		2			
Received APC 694 (recertification)		0			
Did not receive an MEC or APC for TY1999		944			
Taxpayers that filed but did not claim EITC in TY1998			14,296		
Nonfiler for TY1999 ⁴		7,638			
TY1998 AGI below filing requirement for TY1999		1,255			
TY1998 AGI above filing requirement for TY1999		6,383			
Filed but did not claim EITC for TY1999		5,351			
Eligible for EITC based on age of QC ⁶ and income		4,502		\$3,832,917	RP97 ⁵
Ineligible for EITC based on age of QC ⁶ and income		849			
Filed and claimed EITC for TY1999		1,307			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)		503			
Received MEC 653 (recertification)		0			
Received APC 694 (recertification)		0			
Did not receive an MEC or APC for TY1999		804			
Taxpayers that filed and claimed EITC in TY1998			18,173		
Nonfiler for TY1999 ⁴		5,234			
TY1998 AGI below filing requirement for TY1999		2,113			
TY1998 AGI above filing requirement for TY1999		3,121			
Taxpayers that filed but did not claim EITC in TY1999		1,904			
Eligible for EITC based on age of QC ⁶ and income		1,511		-\$20,622	RP97 ⁵
Ineligible for EITC based on age of QC ⁶ and income		393			
Taxpayers that filed and claimed EITC for TY1999		11,035			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)		481			
Received MEC 653 (recertification)		14			
Received APC 694 (recertification)		4			
Did not receive an MEC or APC for TY1999		10,536			
Total		70,832	70,832	70,832	\$5,247,108

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998

³ EITC per return <= EITC per computer

⁴ CIR is not calculated for nonfilers with invalid TIN since taxpayer could have filed in subsequent year using a different TIN

⁵ RP97 = amount of CIR generated in TY97 = (EITC per return - EITC per computer) + TC764 amount + TC765 amount + TC29x53 amount + TC29x54 amount

⁶ Qualifying Child (QC)

MEC Qualifying Child Issues TY 1997-1999

Table C-8 MEC 743 Qualifying Child TIN Missing

CIR Calculations for TY97 Returns with MEC 743 ¹ Qualifying Child TIN Missing	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		34,879		
No Change Returns ³		257		
Total Returns for Analysis		34,622		
Taxpayers that did not file in TY1998		7,852		
Nonfiler for TY1999		5,784		
TY1998 AGI below filing requirement for TY1999	1,954		\$1,407,564	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	3,830		\$4,244,384	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		830		
Eligible for EITC based on age of QC ⁶ and income	658		\$572,866	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	172			
Filed and claimed EITC for TY1999		1,238		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	118			
Received MEC 653 (recertification)	4			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	887			
Reduced QC from 2 to 1	57		\$49,917	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	172		\$221,494	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		8,586		
Nonfiler for TY1999		1,272		
TY1998 AGI below filing requirement for TY1999	197		\$234,221	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	1,075		\$947,752	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		5,760		
Eligible for EITC based on age of QC ⁶ and income	4,506		\$1,603,547	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	1,254			
Filed and claimed EITC for TY1999		1,554		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	149			
Received MEC 653 (recertification)	2			
Received APC 694 (recertification)	1			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	1,144			
Reduced QC from 2 to 1	56		\$58,137	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	202		\$281,733	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		18,184		
Nonfiler for TY1999		2,196		
TY1998 AGI below filing requirement for TY1999	982		\$457,759	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	1,214		\$1,363,475	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		3,013		
Eligible for EITC based on age of QC ⁶ and income	2,292		\$146,542	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	721			
Taxpayers that filed and claimed EITC for TY1999		12,975		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	399			
Received MEC 653 (recertification)	21			
Received APC 694 (recertification)	5			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	11,471			
Reduced QC from 2 to 1	534		\$568,998	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	545		\$659,585	EIC97-EIC99 ⁷
Total	34,622	34,622	\$12,817,974	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998

³ EITC per return <= EITC per computer

⁴ RP97 = amount of CIR generated in TY97 = (EITC per return - EITC per computer) + TC764 amount + TC765 amount + TC29x53 amount + TC29x54 amount

⁵ EITC Per Return TY97 - TC150 Amount TY97 (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-9 MEC 744 Qualifying Child TIN Invalid

CIR Calculations for TY97 Returns with MEC 744 ¹ Qualifying Child TIN Invalid	Sub-Sets		Count	CIR	Computation
Returns Filed TY1997 ²			292,688		
No Change Returns ³			1,400		
Total Returns for Analysis			291,288		
Taxpayers that did not file in TY1998			49,151		
Nonfiler for TY1999		34,527			
TY1998 AGI below filing requirement for TY1999	13,075			\$6,115,652	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	21,452			\$26,041,821	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		4,601			
Eligible for EITC based on age of QC ⁶ and income	4,314			\$2,236,343	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	287				
Filed and claimed EITC for TY1999		10,023			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1,511				
Received MEC 653 (recertification)	29				
Received APC 694 (recertification)	11				
Did not receive an MEC or APC for TY1999					
Did not reduce QC	6,263				
Reduced QC from 2 to 1	1,100			\$948,343	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	1,109			\$1,564,869	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998			64,970		
Nonfiler for TY1999		7,440			
TY1998 AGI below filing requirement for TY1999	1,335			\$765,181	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	6,105			\$4,801,552	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		45,045			
Eligible for EITC based on age of QC ⁶ and income	41,842			\$2,557,524	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	3,203				
Filed and claimed EITC for TY1999		12,485			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1,520				
Received MEC 653 (recertification)	21				
Received APC 694 (recertification)	7				
Did not receive an MEC or APC for TY1999					
Did not reduce QC	8,385				
Reduced QC from 2 to 1	1,347			\$1,114,285	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	1,205			\$1,759,616	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998			177,167		
Nonfiler for TY1999		18,021			
TY1998 AGI below filing requirement for TY1999	7,953			\$1,836,153	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	10,068			\$13,192,876	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		26,167			
Eligible for EITC based on age of QC ⁶ and income	23,820			-\$1,741,291	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	2,347				
Taxpayers that filed and claimed EITC for TY1999		132,979			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	6,807				
Received MEC 653 (recertification)	194				
Received APC 694 (recertification)	82				
Did not receive an MEC or APC for TY1999					
Did not reduce QC	108,460				
Reduced QC from 2 to 1	13,166			\$13,164,790	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	4,270			\$5,473,441	EIC97-EIC99 ⁷
Total	291,288	291,288	291,288	\$79,831,155	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998

³ EITC per return <= EITC per computer

⁴ RP97 = amount of CIR generated in TY97 = (EITC per return - EITC per computer) + TC764 amount + TC765 amount + TC29x53 amount + TC29x54 amount

⁵ EITC Per Return TY97 - TC150 Amount TY97 (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-10 MEC 745 Qualifying Child ITIN

CIR Calculations for TY97 Returns with MEC 745 ¹ Qualifying Child ITIN	Sub-Sets		Count	CIR	Computation
Returns Filed TY1997 ²			7,992		
No Change Returns ³			12		
			7,980		
Taxpayers that did not file in TY1998			1,953		
Nonfiler for TY1999		1,427			
TY1998 AGI below filing requirement for TY1999	319			\$517,092	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	1,108			\$1,636,353	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		287			
Eligible for EITC based on age of QC ⁶ and income	284			\$475,453	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	3				
Filed and claimed EITC for TY1999		239			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	53				
Received MEC 653 (recertification)	2				
Received APC 694 (recertification)	2				
Did not receive an MEC or APC for TY1999					
Did not reduce QC	102				
Reduced QC from 2 to 1	34			\$33,333	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	46			\$80,988	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998			3,447		
Nonfiler for TY1999		457			
TY1998 AGI below filing requirement for TY1999	62			\$100,088	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	395			\$486,037	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		2,442			
Eligible for EITC based on age of QC ⁶ and income	2,357			\$3,078,830	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	85				
Filed and claimed EITC for TY1999		548			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	122				
Received MEC 653 (recertification)	2				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999					
Did not reduce QC	284				
Reduced QC from 2 to 1	67			\$66,431	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	73			\$121,402	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998			2,580		
Nonfiler for TY1999		277			
TY1998 AGI below filing requirement for TY1999	117			\$141,782	RP97 ⁴
TY1998 AGI above filing requirement for TY1999	160			\$244,244	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		443			
Eligible for EITC based on age of QC ⁶ and income	422			\$400,249	RP97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	21				
Taxpayers that filed and claimed EITC for TY1999		1,860			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	108				
Received MEC 653 (recertification)	1				
Received APC 694 (recertification)	1				
Did not receive an MEC or APC for TY1999					
Did not reduce QC	1,197				
Reduced QC from 2 to 1	455			\$464,019	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	98			\$159,846	EIC97-EIC99 ⁷
Total	7,980	7,980	7,980	\$8,006,147	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998

³ EITC per return <= EITC per computer

⁴ RP97 = amount of CIR generated in TY97 = (EITC per return - EITC per computer) + TC764 amount + TC765 amount + TC29x53 amount + TC29x54 amount

⁵ EITC Per Return TY97 - TC150 Amount TY97 (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

AUDIT PROJECT CODES

APC Income Issues TY 1997-1999

Table C-11 APC 653 EITC and Self Employment Tax

CIR Calculations for TY97 Returns with APC 653 ¹ EITC and Self Employment Tax	Sub-Sets		Count	CIR	Computation
Returns Filed TY1997²			804		
Audits Not Closed in 1998			614		
Total Returns for Analysis³			190		
Taxpayers that did not file in TY1998			95		
Nonfiler for TY1999		67			
TY1998 AGI below filing requirement for TY1999	49			\$43,453	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	18			\$29,184	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		13			
Eligible for EITC based on age of QC ⁶ and income	8				
Ineligible for EITC based on age of QC ⁶ and income	5			\$176	EITCDAMT 97 ⁴
Filed and claimed EITC for TY1999		15			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	9				
Received APC 694 (recertification)	4				
Did not receive an MEC or APC for TY1999	2				
Taxpayers that filed but did not claim EITC in TY1998			72		
Nonfiler for TY1999		11			
TY1998 AGI below filing requirement for TY1999	5			\$397	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	6			\$3,095	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		50			
Eligible for EITC based on age of QC ⁶ and income	34				
Ineligible for EITC based on age of QC ⁶ and income	16			\$627	EITCDAMT 97 ⁴
Filed and claimed EITC for TY1999		11			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1				
Received MEC 653 (recertification)	6				
Received APC 694 (recertification)	4				
Did not receive an MEC or APC for TY1999	0				
Taxpayers that filed and claimed EITC in TY1998			23		
Nonfiler for TY1999		6			
TY1998 AGI below filing requirement for TY1999	4			\$43	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	2			\$5,790	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		5			
Eligible for EITC based on age of QC ⁶ and income	4				
Ineligible for EITC based on age of QC ⁶ and income	1			\$8	EITCDAMT 97 ⁴
Taxpayers that filed and claimed EITC for TY1999		12			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	1				
Received APC 694 (recertification)	6				
Did not receive an MEC or APC for TY1999	5				
Total	190	190	190	\$82,773	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1998 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

Table C-12 APC 653 EITC and Self Employment Tax

CIR Calculations for TY97 Returns with APC 653 ¹ EITC and Self Employment Tax	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997²		804		
No Change Audits Closed in 1999		0		
Audits Not Closed in 1999		804		
Total Returns for Analysis³		0		
Taxpayers that did not file in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0	0		
Eligible for EITC based on age of QC ⁶ and income	0			
Ineligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Filed and claimed EITC for TY1999	0	0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Taxpayers that filed but did not claim EITC in TY1998		0		
Nonfiler for TY1999	0	0		
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0	0		
Eligible for EITC based on age of QC ⁶ and income	0			
Ineligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Filed and claimed EITC for TY1999	0	0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Taxpayers that filed and claimed EITC in TY1998		0		
Nonfiler for TY1999	0	0		
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999	0	0		
Eligible for EITC based on age of QC ⁶ and income	0			
Ineligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Taxpayers that filed and claimed EITC for TY1999	0	0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Total	0	0	\$0	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1999 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

APC Non Qualifying Taxpayer Issues TY 1997-1999

Table C-13 APC 602 EITC Decedents

CIR Calculations for TY97 Returns with APC 602 ¹ EITC Decedents	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		379		
Audits Not Closed in 1998		379		
Total Returns for Analysis ³		0		
Taxpayers that did not file in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Taxpayers that filed but did not claim EITC in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Taxpayers that filed and claimed EITC in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Taxpayers that filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Total	0	0	\$0	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1998 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

Table C-14 APC 602 EITC Decedents

CIR Calculations for TY97 Returns with APC 602 ¹ EITC Decedents	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		379		
No Change Audits Closed in 1999		1		
Audits Not Closed in 1999		374		
Total Returns for Analysis ³		4		
Taxpayers that did not file in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Taxpayers that filed but did not claim EITC in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Taxpayers that filed and claimed EITC in TY1998		4		
Nonfiler for TY1999	1			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	1		\$0	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Taxpayers that filed and claimed EITC for TY1999	3			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	2			
Received MEC 653 (recertification)	1			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Total		4	\$0	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1999 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

APC Qualifying Children Issues TY 1997-1999

Table C-15 APC 641 Qualifying Child's SSN is Missing

CIR Calculations for TY1997 Returns with APC641 ¹ Qualifying Child's SSN is Missing	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997²		2		
Audits Not Closed in TY1998		1		
Total Returns for Analysis³		1		
Taxpayers that did not file in TY1998		1		
Nonfiler for TY1999		1		
TY1998 AGI below filing requirement for TY1999	1		\$740	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0	0		
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999		0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		0		
Nonfiler for TY1999		0		
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		0		
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999		0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		0		
Nonfiler for TY1999		0		
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		0		
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Taxpayers that filed and claimed EITC for TY1999		0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Total	1	1	\$740	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1998 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

Table C-16 APC 641 Qualifying Child's SSN is Missing

CIR Calculations for TY1997 Returns with APC641 ¹ Qualifying Child's SSN is Missing	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997²				
No Change Audits Closed in 1999				
Audits Not Closed in 1999				
Total Returns for Analysis³				
Taxpayers that did not file in TY1998				
Nonfiler for TY1999		0		
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		0		
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999		0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁵
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁵
Taxpayers that filed but did not claim EITC in TY1998				
Nonfiler for TY1999		0		
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		0		
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999		0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁵
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁵
Taxpayers that filed and claimed EITC in TY1998				
Nonfiler for TY1999		0		
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		0		
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Taxpayers that filed and claimed EITC for TY1999		0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁵
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁵
Total		0	\$0	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1999 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-17 APC 652 EITC Duplicate Use of TIN for QC

CIR Calculations for TY97 Returns with APC 652 ¹ EITC Duplicate Use of TIN for QC	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²			312	
Audits Not Closed in 1998			277	
Total Returns for Analysis ³				
Taxpayers that did not file in TY1998			11	
Nonfiler for TY1999		7		
TY1998 AGI below filing requirement for TY1999	4		\$3,948	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	3		\$4,125	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		2		
Eligible for EITC based on age of QC ⁶ and income	1		\$1,751	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	1			
Filed and claimed EITC for TY1999		2		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	1			
Received APC 694 (recertification)	1			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998			14	
Nonfiler for TY1999		1		
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	1		\$2,837	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		13		
Eligible for EITC based on age of QC ⁶ and income	13		\$22,615	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999		0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999		0		
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998			10	
Nonfiler for TY1999		0		
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		5		
Eligible for EITC based on age of QC ⁶ and income	4		\$9,825	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	1			
Taxpayers that filed and claimed EITC for TY1999		5		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	3			
Received APC 694 (recertification)	2			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Total		35	35	\$45,101

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999
² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998
³ Audits Closed in 1998 with Assessment
⁴ EITC Decreased Amount
⁵ EITC Per Return - TC150 Amount (only positive values included)
⁶ Qualifying Child (QC)
⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-18 APC 652 EITC Duplicate Use of TIN for QC

CIR Calculations for TY97 Returns with APC 652 ¹ EITC Duplicate Use of TIN for QC	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		312		
No Change Audits Closed in 1999		0		
Audits Not Closed in 1999		311		
Total Returns for Analysis ³		1		
Taxpayers that did not file in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		1		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Taxpayers that filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	1			
Did not reduce QC	1			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Total	1	1	1	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1999 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

⁶ Qualifying Child (QC)

Table C-19 APC 725 EITC Duplicate TIN Repeater

CIR Calculations for TY97 Returns with APC 725 ¹ EITC Duplicate TIN Repeater	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		14,448		
Audits Not Closed in 1998		8,212		
Total Returns for Analysis		6,236		
Taxpayers that did not file in TY1998		2,239		
Nonfiler for TY1999	1484			
TY1998 AGI below filing requirement for TY1999	577		\$957,665	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	907		\$1,584,352	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		329		
Eligible for EITC based on age of QC ⁶ and income	318		\$547,088	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	11			
Filed and claimed EITC for TY1999		426		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	14			
Received MEC 653 (recertification)	217			
Received APC 694 (recertification)	155			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	22			
Reduced QC from 2 to 1	6		\$7,731	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	12		\$11,789	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		2,850		
Nonfiler for TY1999	494			
TY1998 AGI below filing requirement for TY1999	57		\$93,755	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	437		\$661,153	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		1939		
Eligible for EITC based on age of QC ⁶ and income	1,823		\$2,771,336	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	116			
Filed and claimed EITC for TY1999		417		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	23			
Received MEC 653 (recertification)	230			
Received APC 694 (recertification)	100			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	40			
Reduced QC from 2 to 1	8		\$8,815	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	16		\$14,391	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		1,147		
Nonfiler for TY1999	218			
TY1998 AGI below filing requirement for TY1999	59		\$104,487	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	159		\$302,140	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		187		
Eligible for EITC based on age of QC ⁶ and income	177		\$250,665	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	10			
Taxpayers that filed and claimed EITC for TY1999		742		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	13			
Received MEC 653 (recertification)	208			
Received APC 694 (recertification)	234			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	238			
Reduced QC from 2 to 1	31		\$37,331	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	18		\$17,716	EIC97-EIC99 ⁷
Total	6,236	6,236	6,236	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1998 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-20 APC 725 EITC Duplicate TIN Repeater

CIR Calculations for TY97 Returns with APC 725 ¹ EITC Duplicate TIN Repeater	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		14,448		
No Change Audits Closed in 1999		0		
Audits Not Closed in 1999		14,368		
Total Returns for Analysis ³		80		
Taxpayers that did not file in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		1		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	1			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	1			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		79		
Nonfiler for TY1999	12			
TY1998 AGI below filing requirement for TY1999	3		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	9		\$20,477	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999	13			
Eligible for EITC based on age of QC ⁶ and income	12		\$3,425	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	1			
Taxpayers that filed and claimed EITC for TY1999	54			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	10			
Received APC 694 (recertification)	20			
Did not receive an MEC or APC for TY1999	19			
Did not reduce QC	2		\$3,830	EIC97-EIC99 ⁷
Reduced QC from 2 to 1	3		\$2,562	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero				
Total	80	80	80	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1999 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

APC Other Issues TY1997-1999

Table C-21 APC 606 EITC Ineligible

CIR Calculations for TY97 Returns with APC 606 ¹ EITC Ineligible	Sub-Sets		Count	CIR	Computation
Returns Filed TY1997 ²			195,244		
Audits Not Closed in TY1998			38,108		
Total Returns for Analysis ³			157,136		
Taxpayers that did not file in TY1998			61,501		
Nonfiler for TY1999		39,685			
TY1998 AGI below filing requirement for TY1999	18,546			\$31,448,315	EITCDAMT 97 ⁵
TY1998 AGI above filing requirement for TY1999	21,139			\$32,738,488	EIC97-TC150am 97 ⁴
Filed but did not claim EITC for TY1999		10,506			
Eligible for EITC based on age of QC ⁶ and income	10,111			\$17,916,865	EITCDAMT 97 ⁵
Ineligible for EITC based on age of QC ⁶ and income	395				
Filed and claimed EITC for TY1999		11,310			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	298				
Received MEC 653 (recertification)	4,409				
Received APC 694 (recertification)	6,371				
Did not receive an MEC or APC for TY1999					
Did not reduce QC	111				
Reduced QC from 2 to 1	1			\$2,042	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	120			\$119,249	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998			85,558		
Nonfiler for TY1999		13,619			
TY1998 AGI below filing requirement for TY1999	2,662			\$4,802,747	EITCDAMT 97 ⁵
TY1998 AGI above filing requirement for TY1999	10,957			\$15,821,027	EIC97-TC150am 97 ⁴
Filed but did not claim EITC for TY1999		55,701			
Eligible for EITC based on age of QC ⁶ and income	52,781			\$90,127,246	EITCDAMT 97 ⁵
Ineligible for EITC based on age of QC ⁶ and income	2,920				
Filed and claimed EITC for TY1999		16,238			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	470				
Received MEC 653 (recertification)	6,132				
Received APC 694 (recertification)	8,793				
Did not receive an MEC or APC for TY1999					
Did not reduce QC	508				
Reduced QC from 2 to 1	6			\$6,684	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	329			\$391,765	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998			10,077		
Nonfiler for TY1999		2,595			
TY1998 AGI below filing requirement for TY1999	1,096			\$1,901,728	EITCDAMT 97 ⁵
TY1998 AGI above filing requirement for TY1999	1,499			\$2,426,368	EIC97-TC150am 97 ⁴
Taxpayers that filed but did not claim EITC in TY1999		2,610			
Eligible for EITC based on age of QC ⁶ and income	2,498			\$4,282,969	EITCDAMT 97 ⁵
Ineligible for EITC based on age of QC ⁶ and income	112				
Taxpayers that filed and claimed EITC for TY1999		4,872			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	110				
Received MEC 653 (recertification)	1,548				
Received APC 694 (recertification)	2,511				
Did not receive an MEC or APC for TY1999					
Did not reduce QC	619				
Reduced QC from 2 to 1	4			\$293	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	80			\$92,876	EIC97-EIC99 ⁷
Total	157,136	157,136	157,136	\$202,078,662	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1998 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-22 APC 606 EITC Ineligible

CIR Calculations for TY97 Returns with APC 606 ¹ EITC Ineligible	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		195,244		
No Change Audits Closed in 1999		3		
Audits Not Closed in 1999		194,892		
Total Returns for Analysis ³		346		
Taxpayers that did not file in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0	0		
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0	0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0	0		
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0	0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		346		
Nonfiler for TY1999		46		
TY1998 AGI below filing requirement for TY1999	16		\$9,559	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	30		\$51,946	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		87		
Eligible for EITC based on age of QC ⁶ and income	78		\$18,586	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	9			
Taxpayers that filed and claimed EITC for TY1999		213		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1			
Received MEC 653 (recertification)	33			
Received APC 694 (recertification)	31			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	143			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	5		\$6,182	EIC97-EIC99 ⁷
Total	346	346	\$86,273	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1999 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-23 APC 607 EITC Ineligible Other (1040x)

CIR Calculations for TY97 Returns with APC 607 ¹ EITC Ineligible Other (1040x)	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²			2,045	
Audits Not Closed in TY1998			610	
Taxpayers that did not file in TY1998			774	
Nonfiler for TY1999		552		
TY1998 AGI below filing requirement for TY1999	329		\$688,835	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	223		\$487,506	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		85		
Eligible for EITC based on age of QC ⁶ and income	83		\$197,633	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	2			
Filed and claimed EITC for TY1999		137		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	3			
Received MEC 653 (recertification)	75			
Received APC 694 (recertification)	52			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	6			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	1		\$3,340	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998			516	
Nonfiler for TY1999		96		
TY1998 AGI below filing requirement for TY1999	39		\$75,968	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	57		\$131,326	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		319		
Eligible for EITC based on age of QC ⁶ and income	312		\$689,934	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	7			
Filed and claimed EITC for TY1999		101		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	3			
Received MEC 653 (recertification)	57			
Received APC 694 (recertification)	37			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	3			
Reduced QC from 2 to 1	1		\$1,682	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998			145	
Nonfiler for TY1999		20		
TY1998 AGI below filing requirement for TY1999	12		\$28,170	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	8		\$24,724	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		12		
Eligible for EITC based on age of QC ⁶ and income	12		\$27,211	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Taxpayers that filed and claimed EITC for TY1999		113		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	44			
Received APC 694 (recertification)	52			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	15			
Reduced QC from 2 to 1	2		\$1,344	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Total		1,435	1,435	\$2,357,673

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1998 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-24 APC 607 EITC Ineligible Other (1040x)

CIR Calculations for TY97 Returns with APC 607 ¹ EITC Ineligible Other (1040x)	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		2,045		
No Change Audits Closed in 1999		0		
Audits Not Closed in 1999		2,038		
Total Returns for Analysis ³		7		
Taxpayers that did not file in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		7		
Nonfiler for TY1999	1			
TY1998 AGI below filing requirement for TY1999	1		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999	1			
Eligible for EITC based on age of QC ⁶ and income	1		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Taxpayers that filed and claimed EITC for TY1999	5			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	1			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	4			
Did not reduce QC	4			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Total	7	7	\$0	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1999 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-25 APC 642 CI Referral

CIR Calculations for TY97 Returns with APC 642 ¹ CI Referrals	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		15,599		
Audits Not Closed in TY1998		7,080		
Total Returns for Analysis ³		8,519		
Taxpayers that did not file in TY1998		4,547		
Nonfiler for TY1999	3,165			
TY1998 AGI below filing requirement for TY1999	1,557		\$3,627,924	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	1,608		\$3,951,963	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		451		
Eligible for EITC based on age of QC ⁶ and income	439		\$1,102,305	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	12			
Filed and claimed EITC for TY1999		931		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	29			
Received MEC 653 (recertification)	491			
Received APC 694 (recertification)	380			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	16			
Reduced QC from 2 to 1	3		\$3,879	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	12		\$22,273	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		3,057		
Nonfiler for TY1999	503			
TY1998 AGI below filing requirement for TY1999	134		\$314,293	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	369		\$813,131	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		1,928		
Eligible for EITC based on age of QC ⁶ and income	1,877		\$4,478,502	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	51			
Filed and claimed EITC for TY1999		626		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	22			
Received MEC 653 (recertification)	280			
Received APC 694 (recertification)	302			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	14			
Reduced QC from 2 to 1	1		\$2,004	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	7		\$12,613	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		915		
Nonfiler for TY1999	200			
TY1998 AGI below filing requirement for TY1999	100		\$246,128	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	100		\$243,524	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		148		
Eligible for EITC based on age of QC ⁶ and income	141		\$301,871	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	7			
Taxpayers that filed and claimed EITC for TY1999		567		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	10			
Received MEC 653 (recertification)	229			
Received APC 694 (recertification)	267			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	50			
Reduced QC from 2 to 1	8		\$14,310	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	3		\$3,105	EIC97-EIC99 ⁷
Total	8,519	8,519	8,519	\$15,137,824

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1998 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-26 APC 642 CI Referral

CIR Calculations for TY97 Returns with APC 642 ¹ CI Referrals	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		15,599		
No Change Audits Closed in 1999		0		
Audits Not Closed in 1999		15,556		
Total Returns for Analysis		43		
Taxpayers that did not file in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0	0		
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0	0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0	0		
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0	0		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		43		
Nonfiler for TY1999	6			
TY1998 AGI below filing requirement for TY1999	4		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	2		\$5,918	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999	5	5		
Eligible for EITC based on age of QC ⁶ and income	4		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	1			
Taxpayers that filed and claimed EITC for TY1999	32	32		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	2			
Did not receive an MEC or APC for TY1999	21			
Did not reduce QC	21			
Reduced QC from 2 to 1	6		\$6,035	EIC97-EIC99 ⁵
Reduced QC from 2 or 1 to zero	2		\$2,204	EIC97-EIC99 ⁵
Total	43	43	\$14,157	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1999 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-27 APC 654 EITC Repeater

CIR Calculations for TY97 Returns with APC 654 ¹ EITC Repeater	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		962		
Audits Not Closed in TY1998		631		
Total Returns for Analysis ²		331		
Taxpayers that did not file in TY1998		122		
Nonfiler for TY1999		81		
TY1998 AGI below filing requirement for TY1999	37		\$79,130	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	44		\$105,877	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		14		
Eligible for EITC based on age of QC ⁶ and income	14		\$31,705	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999		27		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	18			
Received APC 694 (recertification)	9			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		138		
Nonfiler for TY1999		23		
TY1998 AGI below filing requirement for TY1999	7		\$19,416	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	16		\$26,916	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999		74		
Eligible for EITC based on age of QC ⁶ and income	73		\$158,840	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	1			
Filed and claimed EITC for TY1999		41		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	2			
Received MEC 653 (recertification)	26			
Received APC 694 (recertification)	10			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	2			
Reduced QC from 2 to 1	1		\$782	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		71		
Nonfiler for TY1999		18		
TY1998 AGI below filing requirement for TY1999	3		\$5,614	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	15		\$27,628	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999		11		
Eligible for EITC based on age of QC ⁶ and income	11		\$25,603	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Taxpayers that filed and claimed EITC for TY1999		42		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1			
Received MEC 653 (recertification)	28			
Received APC 694 (recertification)	10			
Did not receive an MEC or APC for TY1999				
Did not reduce QC	2			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	1		\$0	EIC97-EIC99 ⁷
Total	331	331	\$481,511	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1998 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

Table C-28 APC 654 EITC Repeater

CIR Calculations for TY97 Returns with APC 654 ¹ EITC Repeater	Sub-Sets	Count	CIR	Computation
Returns Filed TY1997 ²		962		
No Change Audits Closed in 1999		0		
Audits Not Closed in 1999		957		
Total Returns for Analysis ³		5		
Taxpayers that did not file in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed but did not claim EITC in TY1998		0		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Filed but did not claim EITC for TY1999	0			
Eligible for EITC based on age of QC ⁶ and income	0		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Filed and claimed EITC for TY1999	0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Did not reduce QC	0			
Reduced QC from 2 to 1	0		\$0	EIC97-EIC99 ⁷
Reduced QC from 2 or 1 to zero	0		\$0	EIC97-EIC99 ⁷
Taxpayers that filed and claimed EITC in TY1998		5		
Nonfiler for TY1999	0			
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT 97 ⁴
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC97-TC150am 97 ⁵
Taxpayers that filed but did not claim EITC in TY1999	1			
Eligible for EITC based on age of QC ⁶ and income	1		\$0	EITCDAMT 97 ⁴
Ineligible for EITC based on age of QC ⁶ and income	0			
Taxpayers that filed and claimed EITC for TY1999	4			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0			
Received MEC 653 (recertification)	1			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	1			
Did not reduce QC	1			
Reduced QC from 2 to 1	1		\$1,042	EIC97-EIC99 ⁵
Reduced QC from 2 or 1 to zero	1		\$212	EIC97-EIC99 ⁵
Total	5	5	\$1,254	

¹ Data Source: ERIS TY 1997 and IRTF, IMF TY1999

² Does not include returns that had a MEC or APC in TY 1998 or that had no change audits in 1998

³ Audits Closed in 1999 with Assessment

⁴ EITC Decreased Amount

⁵ EITC Per Return - TC150 Amount (only positive values included)

⁶ Qualifying Child (QC)

⁷ EITC per return TY97 - EITC per return TY99 (only positive values included)

APPENDIX D - CIR CALCULATIONS FOR ENFORCEMENT ACTIONS ON TY 1998 TAXPAYERS

Table D-1 List of TY 1999 CIR Tables for TY1998 TINs

Table #	MEC/APC
D-1	List of TY 1999 CIR Tables for TY1998 TINs
D-2	TY1999 CIR for TY 1998 Returns
MATH ERROR CODES	
INCOME ISSUES	
D-3	649 - Modified AGI Error
D-4	654 - EITC Disallowed Due to Investment Income
NON-QUALIFYING TAXPAYER ISSUES	
D-5	701 - Secondary TIN Missing/Invalid
D-6	702 - Primary/Secondary ITIN
D-7	748 - Primary TIN Invalid
QUALIFYING CHILD ISSUES	
D-8	743 - Qualifying Child TIN Missing
D-9	744 - Qualifying Child TIN Invalid
D-10	745 - Qualifying Child ITIN
AUDIT PROJECT CODES (CLOSED 1999)	
INCOME ISSUES	
D-11	608 - Schedule C and EITC
D-12	612 - EITC Schedule C and Preparer
D-13	653 - EITC and Self Employment Tax
NON-QUALIFYING TAXPAYER ISSUES	
D-14	602 - EITC Decedents
D-15	694 - Recertification
QUALIFYING CHILDREN ISSUES	
D-16	641 - Qualifying Child's SSN is Missing
D-17	652 - EITC Duplicate Use of TIN for QC
D-18	725 - EITC Duplicate TIN Repeater
OTHER ISSUES	
D-19	606 - EITC Ineligible
D-20	607 - EITC Ineligible Other (1040x)
D-21	610 - Head of Household
D-22	611 - QRP EITC

Table D-2 TY1999 CIR for TY 1998 Returns

CIR Calculations for TY98 Returns with EITC APCs and MECs¹	Sub-Sets	Count	CIR
Returns Filed TY1998		467,120	
Math Error Returns	377,524		
No Change MEC Returns ²	2,072		
Math Error Returns Analyzed		375,452	
Audit Project Returns	89,596		
No Change Audits Closed in 1999	304		
Audits Not Closed in 1999	50,316		
Audits Closed with Assessment in 1999		38,976	
Total Returns for Analysis³		414,428	
Taxpayers that did not file in TY1999		87,516	
TY1998 AGI below filing requirement for TY1999	30,594		\$21,287,323
TY1998 AGI above filing requirement for TY1999	56,922		\$50,412,921
Taxpayers that filed for TY1999		326,912	
Taxpayers that did not claim EITC for TY1999	94,432		
Eligible for EITC based on age of QC ⁴ and income	83,528		\$53,916,938
Ineligible for EITC based on age of QC ⁴ and income	10,904		\$689,847
Taxpayers that claimed EITC for TY1999	232,480		
Received an MEC or APC for TY1999 (other than MEC 653 or APC 694)	40,572		
Received MEC 653 (recertification)	7,418		
Received APC 694 (recertification)	2,609		
Did not receive an MEC or APC for TY1999	29,832		\$3,522,542
Did not reduce QCs ⁴	133,821		
Reduced QCs ⁴ from 2 to 1	12,139		\$12,230,528
Reduced QCs ⁴ from 2 or 1 to zero	6,089		\$4,007,058
Total	414,428	414,428	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² EITC per return <= EITC per computer

³ Total Returns for Analysis = Math Error Returns Analyzed plus Audits Closed for Assessment in 1999.

⁴ Qualifying Child (QC)

TY 1998-1999

MATH ERROR CODES

MEC Income Issues TY 1998-1999

Table D-3 MEC 649 Modified AGI Error

CIR Calculations for TY1998 Returns with MEC 649 ¹ Modified AGI Error	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			9,439		
No Change Returns ²			404		
Total Returns for Analysis			9,035		
Taxpayers that did not file in TY1999		845	845		
TY1998 AGI below filing requirement for TY1999	229			\$76,814	RP ³
TY1998 AGI above filing requirement for TY1999	616			\$147,674	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			8,190		
Taxpayers that did not claim EITC for TY1999		4,116			
Eligible for EITC based on age of QC ⁵ and income	2,905				
Ineligible for EITC based on age of QC ⁵ and income	1,211			\$350,702	RP ³
Taxpayers that claimed EITC for TY1999		4,074			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	358				
Received MEC 653 (recertification)	4				
Received APC 694 (recertification)	1				
Did not receive an MEC or APC for TY1999	3,711			\$1,012,075	EIC98-EIC99 ⁶
Total	9,035	9,035	9,035	\$1,587,266	

¹ Data Source: ERIS TY 1998 and IRTE, IMF TY1999

² EITC per return <= EITC per computer

³ RP = (EITC per return - EITC per computer) + TC764amount + TC765amount + TC29x53amount + TC29x54amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

Table D-4 MEC 654 EITC Disallowed Due to Investment Income

CIR Calculations for TY1998 Returns with MEC 654 ¹ EITC Disallowed Due to Investment Income	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			17,694		
No Change Returns ²			3		
Total Returns for Analysis			17,691		
Taxpayers that did not file in TY1999		1,183	1,183		
TY1998 AGI below filing requirement for TY1999	430			\$349,252	RP ³
TY1998 AGI above filing requirement for TY1999	753			\$426,577	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			16,508		
Taxpayers that did not claim EITC for TY1999		7,853			
Eligible for EITC based on age of QC ⁵ and income	6,616				
Ineligible for EITC based on age of QC ⁵ and income	1,237			\$332,815	RP ³
Taxpayers that claimed EITC for TY1999		8,655			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1,507				
Received MEC 653 (recertification)	9				
Received APC 694 (recertification)	1				
Did not receive an MEC or APC for TY1999	7,138			\$2,510,466	EIC98-EIC99 ⁶
Total	17,691	17,691	17,691	\$3,619,111	

¹ Data Source: ERIS TY 1998 and IRTE, IMF TY1999

² EITC per return <= EITC per computer

³ RP = (EITC per return - EITC per computer) + TC764amount + TC765amount + TC29x53amount + TC29x54amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

MEC Non Qualifying Taxpayer Issues TY 1998-1999

Table D-5 MEC 701 Secondary TIN Missing/Invalid

CIR Calculations for TY1998 Returns with MEC 701 ¹ Secondary TIN Missing/Invalid	Sub-Sets	Count	CIR	Computation
Total Returns Filed TY1998		4,043		
No Change Returns ²		6		
Total Returns for Analysis		4,037		
Taxpayers that did not file in TY1999		967		
TY1998 AGI below filing requirement for TY1999	430		\$226,472	RP ³
TY1998 AGI above filing requirement for TY1999	537		\$534,386	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999		3,070		
Taxpayers that did not claim EITC for TY1999		1,066		
Eligible for EITC based on age of QC ⁵ and income	920		\$647,830	RP ³
Ineligible for EITC based on age of QC ⁵ and income	146			
Taxpayers that claimed EITC for TY1999		2,004		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	330			
Received MEC 653 (recertification)	7			
Received APC 694 (recertification)	2			
Did not receive an MEC or APC for TY1999	1,665			
Total	4,037	4,037	\$1,408,688	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY 1999

² EITC per return <= EITC per computer

³ RP = (EITC per return - EITC per computer) + TC764amount + TC765amount + TC29x53amount + TC29x54amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

Table D-6 MEC 702 Primary Secondary ITIN

CIR Calculations for TY1998 Returns with MEC 702 ¹ Primary/Secondary ITIN	Sub-Sets	Count	CIR	Computation
Total Returns Filed TY1998		8,375		
No Change Returns ²		2		
Total Returns for Analysis		8,373		
Taxpayers that did not file in TY1999		2,364		
TY1998 AGI below filing requirement for TY1999	474		\$704,446	RP ³
TY1998 AGI above filing requirement for TY1999	1,890		\$1,894,646	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999		6,009		
Taxpayers that did not claim EITC for TY1999		3,499		
Eligible for EITC based on age of QC ⁵ and income	3,422		\$3,566,159	RP ³
Ineligible for EITC based on age of QC ⁵ and income	77			
Taxpayers that claimed EITC for TY1999		2,510		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1,188			
Received MEC 653 (recertification)	7			
Received APC 694 (recertification)	1			
Did not receive an MEC or APC for TY1999	1,314			
Total	8,373	8,373	\$6,165,251	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY 1999

² EITC per return <= EITC per computer

³ RP = (EITC per return - EITC per computer) + TC764amount + TC765amount + TC29x53amount + TC29x54amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

Table D-7 MEC 748 Primary TIN Invalid

CIR Calculations for TY1998 Returns with MEC 748 ¹ Primary TIN Invalid	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			55,516		
No Change Returns ²			93		
Total Returns for Analysis			55,423		
Taxpayers that did not file in TY1999 ³		24,652	24,652		
TY1998 AGI below filing requirement for TY1999	6,576				
TY1998 AGI above filing requirement for TY1999	18,076				
Taxpayers that filed for TY1999			30,771		
Taxpayers that did not claim EITC for TY1999		11,580			
Eligible for EITC based on age of QC ⁵ and income	9,424			\$8,719,367	RP ⁴
Ineligible for EITC based on age of QC ⁵ and income	2,156				
Taxpayers that claimed EITC for TY1999		19,191			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	3,872				
Received MEC 653 (recertification)	35				
Received APC 694 (recertification)	10				
Did not receive an MEC or APC for TY1999	15,274				
Total	55,423	55,423		\$8,719,367	

¹ Data Source: ERS TY 1998 and IRTF, IMF TY1999

² EITC per return <= EITC per computer

³ CIR is not calculated for nonfilers with invalid TIN since taxpayer could have filed in subsequent year using a different TIN

⁴ RP = (EITC per return - EITC per computer) + TC764amount + TC765amount + TC29x53amount + TC29x54amount

⁵ Qualifying Child (QC)

MEC Qualifying Child Issues TY 1998-1999

Table D-8 MEC 743 Qualifying Child TIN Missing

CIR Calculations for TY1998 Returns with MEC 743 ¹ Qualifying Child TIN Missing	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			19,750		
No Change Returns ²			176		
Total Returns for Analysis					
Taxpayers that did not file in TY1999		3,777	3,777		
TY1998 AGI below filing requirement for TY1999	1,359			\$640,023	RP ³
TY1998 AGI above filing requirement for TY1999	2,418			\$2,547,068	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			15,797		
Taxpayers that did not claim EITC for TY1999		4,212			
Eligible for EITC based on age of QC ⁵ and income	3,125			\$1,791,474	RP ³
Ineligible for EITC based on age of QC ⁵ and income	1,087				
Taxpayers that claimed EITC for TY1999		11,585			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	980				
Received MEC 653 (recertification)	52				
Received APC 694 (recertification)	13				
Did not receive an MEC or APC for TY1999					
Did not reduce QCs	9,688				
Reduced QCs from 2 to 1	366			\$353,781	EIC98-EIC99 ⁶
Reduced QCs from 2 or 1 to zero	486			\$365,618	RP ³
Total	19,574	19,574	19,574	\$5,697,965	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² EITC per return <= EITC per computer

³ RP = (EITC per return - EITC per computer) + TC764amount + TC765amount + TC29x53amount + TC29x54amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

Table D-9 MEC 744 Qualifying Child TIN Invalid

CIR Calculations for TY1998 Returns with MEC 744 ¹ Qualifying Child TIN Invalid	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			258,567		
No Change Returns ²			1,376		
Total Returns for Analysis			257,191		
Taxpayers that did not file in TY1999		40,491	40,491		
TY1998 AGI below filing requirement for TY1999	14,993			\$6,356,858	RP ³
TY1998 AGI above filing requirement for TY1999	25,498			\$31,400,750	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			216,700		
Taxpayers that did not claim EITC for TY1999		49,085			
Eligible for EITC based on age of QC ⁵ and income	44,536			\$17,439,317	RP ³
Ineligible for EITC based on age of QC ⁵ and income	4,549				
Taxpayers that claimed EITC for TY1999		167,615			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	28,852				
Received MEC 653 (recertification)	507				
Received APC 694 (recertification)	196				
Did not receive an MEC or APC for TY1999					
Did not reduce QCs	121,613				
Reduced QCs from 2 to 1	11,255			\$11,310,609	EIC98-EIC99 ⁶
Reduced QCs from 2 or 1 to zero	5,192			\$2,881,449	RP ³
Total	257,191	257,191	257,191		

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² EITC per return <= EITC per computer

³ RP = (EITC per return - EITC per computer) + TC764amount + TC765amount + TC29x53amount + TC29x54amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

Table D-10 MEC 745 Qualifying Child ITIN

CIR Calculations for TY1998 Returns with MEC 745 ¹ Qualifying Child ITIN	Sub-Sets	Count	CIR	Computation
Total Returns Filed TY1998		4,140		
No Change Returns ²		12		
Total Returns for Analysis		4,128		
Taxpayers that did not file in TY1999		606		
TY1998 AGI below filing requirement for TY1999	210		\$329,578	RP ³
TY1998 AGI above filing requirement for TY1999	396		\$527,306	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999		3,522		
Taxpayers that did not claim EITC for TY1999		1,510		
Eligible for EITC based on age of QC ⁵ and income	1,423		\$1,742,507	RP ³
Ineligible for EITC based on age of QC ⁵ and income	87			
Taxpayers that claimed EITC for TY1999		2,012		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	571			
Received MEC 653 (recertification)	4			
Received APC 694 (recertification)	1			
Did not receive an MEC or APC for TY1999				
Did not reduce QCs	881			
Reduced QCs from 2 to 1	391		\$424,943	EIC98-EIC99 ⁶
Reduced QCs from 2 or 1 to zero	164		\$275,150	RP ³
Total		4,128	\$3,299,484	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² EITC per return <= EITC per computer

³ RP = (EITC per return - EITC per computer) + TC764amount + TC765amount + TC29x53amount + TC29x54amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

AUDIT PROJECT CODES

APC Income Issues TY 1998-1999

Table D-11 APC 608 Schedule C and EITC

CIR Calculations for TY1998 Returns with APC 608 ¹ Schedule C and EITC	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			22,328		
No Change Audits Closed in 1999			59		
Audits Not Closed in 1999			14,552		
Total Returns for Analysis²			7,717		
Taxpayers that did not file in TY1999		3,500	3,500		
TY1998 AGI below filing requirement for TY1999	2,306			\$5,764,131	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	1,194			\$2,250,234	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			4,217		
Taxpayers that did not claim EITC for TY1999		703			
Eligible for EITC based on age of QC ⁵ and income	695				
Ineligible for EITC based on age of QC ⁵ and income	8			\$6,301	EITCDAMT ³
Taxpayers that claimed EITC for TY1999		3,514			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	960				
Received MEC 653 (recertification)	1,853				
Received APC 694 (recertification)	1				
Did not receive an MEC or APC for TY1999	700				
Total	7,717	7,717	7,717	\$8,020,666	

- ¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999
- ² Audits Closed in 1999 with Assessment
- ³ EITC Decreased Amount
- ⁴ EITC Per Return - TC150 Amount (only positive values)
- ⁵ Qualifying Child (QC)

Table D-12 APC 612 EITC Schedule C and Preparer

CIR Calculations for TY1998 Returns with APC 612 ¹ EITC Schedule C and Preparer	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			1		
No Change Audits Closed in 1999			0		
Audits Not Closed in 1999			0		
Total Returns for Analysis²			1		
Taxpayers that did not file in TY1999		0	0		
TY1998 AGI below filing requirement for TY1999	0			\$0	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	0			\$0	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			1		
Taxpayers that did not claim EITC for TY1999		1			
Eligible for EITC based on age of QC ⁵ and income	1				
Ineligible for EITC based on age of QC ⁵ and income	0			\$0	EITCDAMT ³
Taxpayers that claimed EITC for TY1999		0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	0				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999	0				
Total	1	1	1		

- ¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999
- ² Audits Closed in 1999 with Assessment
- ³ EITC Decreased Amount
- ⁴ EITC Per Return - TC150 Amount (only positive values)
- ⁵ Qualifying Child (QC)

Table D-13 APC 653 EITC and Self Employment Tax

CIR Calculations for TY1998 Returns with APC 653 ¹ EITC and Self Employment Tax	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			33		
No Change Audits Closed in 1999			0		
Audits Not Closed in 1999			23		
Total Returns for Analysis²			10		
Taxpayers that did not file in TY1999		2	2		
TY1998 AGI below filing requirement for TY1999	2			\$5,353	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	0			\$0	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			8		
Taxpayers that did not claim EITC for TY1999		3			
Eligible for EITC based on age of QC ⁵ and income	2				
Ineligible for EITC based on age of QC ⁵ and income	1			\$28	EITCDAMT ³
Taxpayers that claimed EITC for TY1999		5			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1				
Received MEC 653 (recertification)	4				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999	0				
Total	10	10	10		

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² Audits Closed in 1999 with Assessment

³ EITC Decreased Amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

APC Non Qualifying Taxpayer Issues TY 1998-1999

Table D-14 APC 602 EITC Decedents

CIR Calculations for TY1998 Returns with APCs 602 ¹ EITC Decedents	Sub-Sets	Count	CIR	Computation
Total Returns Filed TY1998		10		
No Change Audits Closed in 1999		0		
Audits Not Closed in 1999		9		
Total Returns for Analysis ²		1		
Taxpayers that did not file in TY1999	0	0		
TY1998 AGI below filing requirement for TY1999	0		\$0	EITCDAMT ²
TY1998 AGI above filing requirement for TY1999	0		\$0	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999		1		
Taxpayers that did not claim EITC for TY1999		0		
Eligible for EITC based on age of QC ⁵ and income	0		\$0	EITCDAMT ³
Ineligible for EITC based on age of QC ⁵ and income	0			
Taxpayers that claimed EITC for TY1999		1		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1			
Received MEC 653 (recertification)	0			
Received APC 694 (recertification)	0			
Did not receive an MEC or APC for TY1999	0			
Total		1		

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² Audits Closed in 1999 with Assessment

³ EITC Decreased Amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

Table D-15 APC 694 Recertification

CIR Calculations for TY1998 Returns with APC 694 ¹ Recertification	Sub-Sets	Count	CIR	Computation
Total Returns Filed TY1998		16,986		
No Change Audits Closed in 1999		48		
Audits Not Closed in 1999		6,183		
Total Returns for Analysis ²		10,755		
Taxpayers that did not file in TY1999	3,375	3,375		
TY1998 AGI below filing requirement for TY1999	1,277		\$2,266,700	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	2,098		\$3,786,621	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999		7,380		
Taxpayers that did not claim EITC for TY1999		3,856		
Eligible for EITC based on age of QC ⁵ and income	3,711		\$6,622,817	EITCDAMT ³
Ineligible for EITC based on age of QC ⁵ and income	145			
Taxpayers that claimed EITC for TY1999		3,524		
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	48			
Received MEC 653 (recertification)	1,194			
Received APC 694 (recertification)	2,252			
Did not receive an MEC or APC for TY1999	30			
Total	10,755	10,755	\$12,676,138	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² Audits Closed in 1999 with Assessment

³ EITC Decreased Amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

APC Qualifying Children Issues TY 1998-1999

Table D-16 APC 641 Qualifying Child's SSN is Missing

CIR Calculations for TY1998 Returns with APC641 ¹ Qualifying Child's SSN is Missing	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			2		
No Change Audits Closed in 1999			0		
Audits Not Closed in 1999			2		
Total Returns for Analysis²			0		
Taxpayers that did not file in TY1999		0	0		
TY1998 AGI below filing requirement for TY1999	0			\$0	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	0			\$0	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			0		
Taxpayers that did not claim EITC for TY1999		0			
Eligible for EITC based on age of QC ⁵ and income	0			\$0	EITCDAMT ³
Ineligible for EITC based on age of QC ⁵ and income	0				
Taxpayers that claimed EITC for TY1999		0			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	0				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999					
Did not reduce QCs	0				
Reduced QCs from 2 to 1	0			\$0	EIC98-EIC99 ⁶
Reduced QCs from 2 or 1 to zero	0			\$0	EITCDAMT ³
Total	0	0	0	\$0	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² Audits Closed in 1999 with Assessment

³ EITC Decreased Amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

Table D-17 APC 652 Duplicate Use of TIN for EITC QC

CIR Calculations for TY1998 Returns with APC 652 ¹ Duplicate Use of TIN for EITC QC	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			718		
No Change Audits Closed in 1999			3		
Audits Not Closed in 1999			573		
Total Returns for Analysis²					
Taxpayers that did not file in TY1999		33	33		
TY1998 AGI below filing requirement for TY1999	13			\$22,406	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	20			\$42,339	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			109		
Taxpayers that did not claim EITC for TY1999		62			
Eligible for EITC based on age of QC ⁵ and income	60			\$105,129	EITCDAMT ³
Ineligible for EITC based on age of QC ⁵ and income	2				
Taxpayers that claimed EITC for TY1999		47			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	12				
Received MEC 653 (recertification)	33				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999					
Did not reduce QCs	2				
Reduced QCs from 2 to 1	0			\$0	EIC98-EIC99 ⁶
Reduced QCs from 2 or 1 to zero	0			\$0	EITCDAMT ³
Total	142	142	142	\$169,874	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² Audits Closed in 1999 with Assessment

³ EITC Decreased Amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

Table D-18 APC 725 EITC Duplicate TIN Repeater

CIR Calculations for TY1998 Returns with APC 725 ¹ EITC Dup TIN Repeater	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			5,029		
No Change Audits Closed in 1999			11		
Audits Not Closed in 1999			3,216		
Total Returns for Analysis ²			1,802		
Taxpayers that did not file in TY1999		540	540		
TY1998 AGI below filing requirement for TY1999	215			\$396,455	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	325			\$637,858	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			1,262		
Taxpayers that did not claim EITC for TY1999		437			
Eligible for EITC based on age of QC ⁵ and income	412			\$688,998	EITCDAMT ³
Ineligible for EITC based on age of QC ⁵ and income	25				
Taxpayers that claimed EITC for TY1999		825			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	26				
Received MEC 653 (recertification)	415				
Received APC 694 (recertification)	1				
Did not receive an MEC or APC for TY1999					
Did not reduce QCs	303				
Reduced QCs from 2 to 1	47			\$47,576	EIC98-EIC99 ⁶
Reduced QCs from 2 or 1 to zero	33			\$51,950	EITCDAMT ³
Total	1,802	1,802	1,802	\$1,822,837	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² Audits Closed in 1999 with Assessment

³ EITC Decreased Amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

APC Other Issues TY 1998-1999

Table D-19 APC 606 EITC Ineligible

CIR Calculations for TY1998 Returns with APC606 ¹ EITC Ineligible	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			11,229		
No Change Audits Closed in 1999			41		
Audits Not Closed in 1999			3,912		
Total Returns for Analysis²			7,276		
Taxpayers that did not file in TY1999		2,304	2,304		
TY1998 AGI below filing requirement for TY1999	820			\$1,437,194	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	1,484			\$2,606,976	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			4,972		
Taxpayers that did not claim EITC for TY1999		2,274			
Eligible for EITC based on age of QC ⁵ and income	2,192			\$3,769,700	EITCDAMT ³
Ineligible for EITC based on age of QC ⁵ and income	82				
Taxpayers that claimed EITC for TY1999		2,698			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	263				
Received MEC 653 (recertification)	1,219				
Received APC 694 (recertification)	127				
Did not receive an MEC or APC for TY1999					
Did not reduce QCs	903				
Reduced QCs from 2 to 1	71			\$82,034	EIC98-EIC99 ⁶
Reduced QCs from 2 or 1 to zero	115			\$222,240	EITCDAMT ³
Total	7,276	7,276	7,276	\$8,118,144	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² Audits Closed in 1999 with Assessment

³ EITC Decreased Amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

Table D-20 APC 607 EITC Ineligible Other (1040X)

CIR Calculations for TY1998 Returns with APC607 ¹ EITC Ineligible Other (1040x)	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			3,611		
No Change Audits Closed in 1999			20		
Audits Not Closed in 1999			3,220		
Total Returns for Analysis²			371		
Taxpayers that did not file in TY1999		132	132		
TY1998 AGI below filing requirement for TY1999	79			\$152,222	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	53			\$136,608	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			239		
Taxpayers that did not claim EITC for TY1999		122			
Eligible for EITC based on age of QC ⁵ and income	118			\$240,712	EITCDAMT ³
Ineligible for EITC based on age of QC ⁵ and income	4				
Taxpayers that claimed EITC for TY1999		117			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	53				
Received MEC 653 (recertification)	60				
Received APC 694 (recertification)	1				
Did not receive an MEC or APC for TY1999					
Did not reduce QCs	2				
Reduced QCs from 2 to 1	1			\$1,488	EIC98-EIC99 ⁶
Reduced QCs from 2 or 1 to zero	0			\$0	EITCDAMT ³
Total	371	371	371	\$531,030	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999

² Audits Closed in 1999 with Assessment

³ EITC Decreased Amount

⁴ EITC Per Return - TC150 Amount (only positive values)

⁵ Qualifying Child (QC)

⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

Table D-21 APC 610 Head of Household

CIR Calculations for TY1998 Returns with APC610 ¹ Head Of Household	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			29,647		
No Change Audits Closed in 1999			122		
Audits Not Closed in 1999			18,626		
Total Returns for Analysis			10,899		
Taxpayers that did not file in TY1999		2,744	2,744		
TY1998 AGI below filing requirement for TY1999	1,180			\$2,557,592	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	1,564			\$3,473,880	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			8,155		
Taxpayers that did not claim EITC for TY1999		4,053			
Eligible for EITC based on age of QC ⁵ and income	3,966			\$8,582,928	EITCDAMT ³
Ineligible for EITC based on age of QC ⁵ and income	87				
Taxpayers that claimed EITC for TY1999		4,102			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	1,550				
Received MEC 653 (recertification)	2,014				
Received APC 694 (recertification)	2				
Did not receive an MEC or APC for TY1999					
Did not reduce QCs	429				
Reduced QCs from 2 to 1	8			\$10,097	EIC98-EIC99 ⁶
Reduced QCs from 2 or 1 to zero	99			\$210,651	EITCDAMT ³
Total	10,899	10,899		\$14,835,148	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999
² Audits Closed in 1999 with Assessment
³ EITC Decreased Amount
⁴ EITC Per Return - TC150 Amount (only positive values)
⁵ Qualifying Child (QC)
⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

Table D-22 APC 611 QRP EITC

CIR Calculations for TY1998 Returns with APC611 ¹ QRP EITC	Sub-Sets		Count	CIR	Computation
Total Returns Filed TY1998			2		
No Change Audits Closed in 1999			0		
Audits Not Closed in 1999			0		
Total Returns for Analysis²			2		
Taxpayers that did not file in TY1999		1	1		
TY1998 AGI below filing requirement for TY1999	1			\$1,827	EITCDAMT ³
TY1998 AGI above filing requirement for TY1999	0			\$0	EIC98-TC150 amt 98 ⁴
Taxpayers that filed for TY1999			1		
Taxpayers that did not claim EITC for TY1999		0			
Eligible for EITC based on age of QC ⁵ and income	0			\$0	EITCDAMT ³
Ineligible for EITC based on age of QC ⁵ and income	0				
Taxpayers that claimed EITC for TY1999		1			
Received an MEC or APC for TY1999 (other than MEC653 or APC 694)	0				
Received MEC 653 (recertification)	1				
Received APC 694 (recertification)	0				
Did not receive an MEC or APC for TY1999					
Did not reduce QCs	0				
Reduced QCs from 2 to 1	0			\$0	EIC98-EIC99 ⁶
Reduced QCs from 2 or 1 to zero	0			\$0	EITCDAMT ³
Total	2	2	2	\$1,827	

¹ Data Source: ERIS TY 1998 and IRTF, IMF TY1999
² Audits Closed in 1999 with Assessment
³ EITC Decreased Amount
⁴ EITC Per Return - TC150 Amount (only positive values)
⁵ Qualifying Child (QC)
⁶ EITC per return TY1998 - EITC per return TY99 (only positive values)

APPENDIX E – METHODOLOGY FOR MEC AND APC RETURNS

The SYTP currently measures CIR for two mutually exclusive populations, TY1997 TINs and TY1998 TINs with one of the specified EITC MECs or APCs. Each population will be tracked separately, while adding subsequent tax years, for the duration of the project. CIR is calculated for each year that the taxpayer does not repeat the non-compliant behavior.

The TY1997 and TY1998 populations are based on ERIS extracts (one for each tax year) containing all TINs that were sent a specified EITC MEN or APC. These TINs were run against the Individual Master File (IMF) and Returns Transaction File (RTF) for PYs 1998, 1999, and 2000 in January 2001. Selected ERIS data fields were appended to the IMF and RTF data extracted for each TIN and for each processing year. This data is used to determine each taxpayer's compliance behavior for subsequent years and to calculate CIR. The IMF/RTF data is used to determine if a taxpayer:

- is a nonfiler,
- files, and does not claim EITC,
- files, and claims EITC,
- files, claims EITC, and reduces qualifying children, or
- files, claims EITC, and has a MEC or APC in the subsequent year.

Each taxpayer's baseline reporting behavior (either TY1997 or TY1998 for this report) is compared to return data for each of the following tax periods in order to measure the dollars associated with changed taxpayer behavior. CIR represents the amount of revenue that IRS has protected based on a taxpayer's changed behavior subsequent to the detection of an improper EITC claim in a prior year. The CIR calculated for each TIN is retained as the baseline amount of CIR to be carried forward for each year that the taxpayer remains compliant. This measure will typically be displayed in aggregate form as the total of the CIR amounts.

Subsequent to the initial SYTP report issued in August 2000, the methodology for calculating CIR was refined, as additional data elements became available. The revised methodology resulted in a more accurate baseline CIR for the original TY1997 taxpayers contained in the first report. Since the original database was no longer available to recalculate CIR, the TY1997 baseline was recompiled from data obtained in January 2001. This more recent data contained additional TINs, including late filers, and additional data elements that were not available for the first report.

The changes in CIR calculation include:

- Additional EITC MECs and APCs used to designate non-compliance in the subsequent year,
- Adding the TC764 amount (EITC abatement) to the revenue protected calculation for MECs,
- Using primary taxpayer's date of birth in criteria for filing requirement,
- Adding audit disposal codes to determine no change audits, and
- Adding the child/student disability indicator to determine EITC eligibility.

The TY1997 baseline CIR, which is determined by taxpayer behavior for TY1998, was calculated from the TY1997 ERIS TINs and PY1998 and PY1999 IMF/RTF data. TY1997

taxpayers that received a specified EITC MEN or APC for TY1998 did not receive CIR and were deleted from the baseline for TY1999. Those taxpayers were included with the TY1998 ERIS TINs and were then tracked as part of the TY 1998 baseline. The TY1997 amount of CIR was carried forward for the TY1997 taxpayers that remained compliant for TY1999.

The revised TY1997 baseline was created as follows:

TY1997-TY1998 Validation	Deletions	Count
Merge TY1997 ERIS, valid and invalid PY1998 IRTF, and valid and invalid PY1999 IRTF		833,024
Outliers *	19,973	813,051
Missing MEC and APC	8,151	804,900
APCs that are not covered by MOU	155	804,745

*EITC per return TY1997>\$5,000

EITC per return TY1997=\$0 and EITC per computer TY1997=\$0

Non-filers (TC150 date = 0) for TY1998 with EITC per return > \$0 or EITC per computer > \$0

Merging the TY1997 ERIS TINs with PY2000 data created the database for the second year.

TY1997-TY1999 Validation	Deletions	Count
Merge TY1997 ERIS, valid and invalid PY1998 IRTF, valid and invalid PY1999 IRTF, and valid and invalid PY2000 IRTF		833,024
Outliers *	19,973	813,051
Missing MEC and APC	8,151	804,900
APCs that are not covered by MOU	155	804,745
MEC/APC repeaters for TY1998	143,267	661,478
Audits closed in 1998 with no change	1,220	660,258

*EITC per return TY1997>\$5,000

EITC per return TY1997=\$0 and EITC per computer TY1997=\$0

Non-filers (TC150 date=0) for TY1998 with EITC per return > \$0 or EITC per computer > \$0

The baseline CIR for TY 1998 was calculated using TY1998 ERIS TINs and PY1999 and PY2000 IMF and RTF data. The database for these TINs was created as follows:

TY1998-TY1999 Validation	Deletions	Count
Merge TY1998 ERIS, valid and invalid PY1999 IRTF, and valid and invalid PY2000 IRTF		490,785
Missing TY1998 data	7,793	482,992
Outliers *	15,864	467,128
APCs that are not covered by MOU	8	467,120

*EITC per return TY1998>\$5,000

EITC per return TY1998=\$0 and EITC per computer TY1997=\$0

Non-filers (TC150 date=0) for TY1999 with EITC per return > \$0 or EITC per computer > \$0

No MEC or APC

APPENDIX F - GLOSSARY

Limited Eligibility Test (LET) – The LET was used to determine if a taxpayer that filed but did not claim EITC was eligible for EITC. A taxpayer was eligible for EITC if modified AGI was less than the maximum modified AGI for the number of qualifying children reported, in combination with child/student disability indicator.⁶ Since the taxpayer is not claiming EITC in the subsequent year, the LET is based on the number of qualifying children and disability indicator for the base year.

Filing Requirements – CIR for non-filers is based on whether the taxpayer was required to file or was only filing to obtain EITC. The filing requirements are based on AGI per computer, filing status, and primary taxpayer's date of birth. Filing requirements are derived from the IRS filing instructions for the base year, which is the last year that the taxpayer would have filed.

No Change Audit – CIR was not calculated for audits that closed with no change (i.e. no assessment). No change cases were defined as audits closed with zero amounts for Transaction Codes (TC) 290, TC291, TC300, TC301 and TC765 or with audit disposal codes 01 or 02.

Designating MECs and APCs – While many returns had multiple MECs or both APC and MEC, each TIN was designated by one MEC or APC to avoid double counting. TY1997 TINs were assigned to the MEC or APC categories that were assigned by ERIS. If both a MEC and an APC were present, the APC took precedence. MECs and APCs were assigned for TY1998 TINs based on the relative volumes for TY1998. Again, APC took precedence if both MEC and APC were present.

CIR Calculation for MEC Cases

The following calculation is used to measure CIR for MEC cases for:

- non-filers without a filing requirement; and,
- filers that did not claim EITC and are ineligible for EITC.

$$\text{CIR} = \frac{(\text{EITC per Return} - \text{EITC per Computer}) + (\text{TC 29X Reason Code 53} + \text{TC 29X Reason Code 54}) + (\text{TC764} + \text{TC 765})}{\text{Total EITC}} \times 100$$

- TC 29X Reason Code 53 is an EITC allowance, increase or decrease.
- TC 29X Reason Code 54 is an EITC disallowance.
- TC29X are tax assessments or abatements related to EITC. TC 290 represents an additional tax assessment and TC 291 is an abatement of a prior tax assessment.
- TC764 is the amount of EITC that is abated after a taxpayer responds to a math error notice and corrects the issue.
- TC765 is the reversal of the TC764 after an audit.⁷

⁶ Explanation of modified AGI as related to EITC is referenced in IRM 21.6.3.4.2.7.5

⁷ The TC764 data was not available for the first report, issued August 2000. The TY 1997 baseline CIR was adjusted to include the TC764. This revised baseline was used for TY 1999 CIR and will be carried forward for subsequent years.

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