

## **IRS May Have Goofed on 385,000 Stimulus Payments**

Calculations of economic stimulus payments by the Internal Revenue Service may have been wrong in nearly 400,000 cases.

Treasury Inspector General for Tax Administration J. Russell George said in testimony before the House Ways and Means Oversight Subcommittee that as of June 13, the IRS had issued approximately 76.5 million stimulus payments totaling approximately \$63.9 billion. His office has determined that the IRS correctly calculated the stimulus payment for 99.6 percent of the returns.

However, TIGTA identified approximately 385,000 stimulus payments in which its calculation did not agree with the IRS's. The differences in some cases resulted from programming that did not include all qualified self-employment income and losses in the determination of eligibility. As of May 30, 2008, TIGTA had identified approximately 25,000 returns for which the stimulus payment was not allowed.

"In these cases, TIGTA believes that taxpayers were entitled to an additional \$16.5 million," said George. "These errors affected clergy and other individuals whose income is not subject to the self-employment tax."

Many taxpayers did not receive the child portion of the stimulus payment because they did not check the Child Tax Credit qualifying box on the tax return. When TIGTA raised this concern, the IRS initially responded that it could not allow the child portion of the stimulus payment in these instances because eligibility for the Child Tax Credit could not be determined from the information on the tax return.

The IRS subsequently announced that it would issue the additional child portion of the stimulus payment to approximately 350,000 households in July. TIGTA is in the process of quantifying the number of individuals that might be affected.