

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Reliable Data Is Needed To Effectively Reduce Improper Earned Income Tax Credit Payments for Nonwork Social Security Numbers

May 4, 2026

Report Number: 2026-450-022

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

HIGHLIGHTS: Reliable Data Is Needed To Effectively Reduce Improper Earned Income Tax Credit Payments for Nonwork Social Security Numbers

Final Report issued on May 4, 2026

Report Number 2026-450-022

Why TIGTA Did This Review

A nonwork Social Security Number (SSN) is issued to noncitizens who are not authorized to work in the United States, but who require an SSN to access specific benefits or services. Nonwork SSNs that were obtained to collect federally funded benefits (e.g., Medicaid and food stamps) are ineligible to claim the Earned Income Tax Credit (EITC). As of March 2025, there were approximately 2.4 million nonwork SSNs assigned.

We evaluated the IRS's ability to prevent EITC claims for individuals with a nonwork SSN.

Impact on Tax Administration

The IRS has repeatedly identified the EITC as susceptible to significant improper payments, which are defined as any payments that should not have been made or were made in an incorrect amount.

In Fiscal Year 2025, the IRS estimated that \$21.1 billion of the \$64.7 billion (33 percent) in total EITC payments were improper.

The IRS has stated that the improper payment rate is due to the complexities of verifying eligibility and that the information required to validate the accuracy of EITC claims is not comprehensively available in any U.S. government database.

What TIGTA Found

The IRS cannot efficiently identify and prevent improper EITC claims associated with ineligible nonwork SSNs from being paid. For Tax Years 2023 and 2024 we identified approximately 67,000 tax returns with a nonwork SSN claiming the EITC. These tax returns claimed the EITC totaling nearly \$219 million, of which nearly \$213 million was paid.

The IRS does not have sufficient or reliable data to systemically prevent ineligible individuals with a nonwork SSN from receiving the EITC. Specifically,

- **The IRS does not have sufficient or reliable data to accurately and efficiently determine why a nonwork SSN was issued or the taxpayer's current citizenship status.** The Social Security Administration (SSA) provides information to the IRS to help identify potentially improper EITC claims with nonwork SSNs. However, the SSA data shared with the IRS does not indicate the reason a nonwork SSN was issued to an individual. Individuals who obtained a nonwork SSN solely to receive a federal benefit are not eligible to receive the EITC. Additionally, the SSA data reflects the individual's status at the time the nonwork SSN was issued. An individual's immigration and/or work status could change after the nonwork SSN is issued, which could change their eligibility for the EITC.
- **If the IRS had sufficient and reliable data, they could consider using math error authority to systemically deny EITC claims with ineligible nonwork SSNs.** Math error authority allows the IRS to quickly address certain errors on tax returns. However, the IRS must consider that the data provided by the SSA currently does not reflect changes to a person's immigration or work status. IRS Counsel and Taxpayer Services indicated that understanding what external information is available could help enhance current processes and inform decisions on using math error authority.

Without increased interagency data sharing (consistent with applicable law), and reliable information, the IRS's efforts to prevent claims with an ineligible nonwork SSN from being paid will be limited to risk-based identification and manual review. For Processing Years 2023 and 2024, the IRS identified 12,600 tax returns meeting its risk-based criteria and worked 5,100 of these returns. Nearly 90 percent of these selected tax returns with nonwork SSNs were ineligible to claim the EITC. As a result of these manual reviews, the IRS protected almost \$11 million in revenue in Processing Years 2023 and 2024.

While effective, these processes are inefficient at addressing the overall EITC improper payment rate and improvements in current manual review processes would have a negligible impact since only a small percentage of the nonwork SSN claims are reviewed. This report provides information only, so we made no recommendations.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 2024

May 4, 2026

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Diana M. Tengesdal
Deputy Inspector General for Audit

SUBJECT: Final Report – Reliable Data Is Needed To Effectively Reduce Improper Earned Income Tax Credit Payments for Nonwork Social Security Numbers (Review No.: 20254S0002)

This report presents the results of our review of the Internal Revenue Service's (IRS) efforts to prevent individuals with a nonwork Social Security Number (SSN) from receiving the Earned Income Tax Credit (EITC) during tax return processing. We performed this review during the period June 2025 through January 2026. We are issuing this report to document the actions taken by the IRS to prevent the payment of nonwork SSN EITC claims. This review was part of our Fiscal Year 2025 discretionary audit coverage and addresses the major management and performance challenge of *Ensuring Tax Compliance*.

Although we made no recommendations in this report, we provided IRS officials with an opportunity to review the final report. Management's complete response to the draft report is included as Appendix II. If you have questions, please contact me or Deann Baiza, Assistant Inspector General for Audit (Returns Processing and Account Services).

Background

The Earned Income Tax Credit (EITC) is a refundable tax credit meant to help low to moderate income taxpayers reduce their tax liability or increase their refund. Refundable credits provide benefits to individuals and can result in tax refunds even if no income tax is withheld or paid. The amount of EITC a taxpayer can receive varies based on income, children, dependents, or disabilities claimed. The maximum EITC amount a taxpayer could receive for Tax Year 2024 was \$7,830. As of July 2025, approximately 22.5 million workers and families received the EITC for Tax Year 2024. These credits totaled \$66 billion with an average EITC of \$2,900.

Refundable tax credits are often the target of unscrupulous individuals. As such, refundable tax credits are another way for individuals to commit fraud and an increased risk of improper payments. The Internal Revenue Service (IRS) has repeatedly identified the EITC as susceptible to significant improper payments. An improper payment is any payment that should not have been made or was made in an incorrect amount. The Department of the Treasury Agency Financial Report for Fiscal Year (FY) 2025 shows that the EITC error rates have remained consistently above 20 percent from FY 2006 through FY 2025. More recently, in FY 2025, the IRS estimated that nearly 33 percent (\$21.1 billion) of the \$64.7 billion total EITC payments were improper.

The IRS has stated that the EITC improper payment rate is not due to internal control deficiencies within the agency, but rather to the complexities of verifying eligibility. Additionally, not all relevant third-party data needed to verify EITC claims are available at the time tax returns are filed. The IRS has stated that the information required to validate the accuracy of EITC claims is not comprehensively available in any U.S. government database.

The relationship between the EITC and nonwork Social Security Numbers

To claim the EITC, the taxpayer, their spouse (if married filing jointly), and each qualifying child must have a valid Social Security Number (SSN), in addition to other criteria. For purposes of the EITC, an SSN is valid unless it was issued after the due date of a taxpayer's return (including extensions) or it was issued solely to apply for or receive a federally funded benefit and does not authorize the taxpayer to work.

The Social Security Administration (SSA) issues SSNs to noncitizens who are not authorized to work in the United States (*e.g.*, international students) but require an SSN to access specific benefits or services (herein referred to as a nonwork SSN).¹ As of March 2025, there were approximately 2.4 million nonwork SSNs assigned. Figure 1 provides an excerpt of the SSA's Form SS-5, *Application for a Social Security Card*, which shows the options individuals can select when filling out the citizenship portion of the application.

¹ People without lawful immigration status are not eligible for a nonwork SSN.

Figure 1: Excerpt of the Application for a Social Security Card

Form **SS-5** (12-2024) UF
Discontinue Prior Editions
Social Security Administration

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OMB No. 0960-0066

Application for a Social Security Card				
1	NAME TO BE SHOWN ON CARD	First	Full Middle Name	Last
	FULL NAME AT BIRTH IF OTHER THAN ABOVE	First	Full Middle Name	Last
	OTHER NAMES USED			
2	Social Security number previously assigned to the person listed in item 1	<input type="text"/>	<input type="text"/>	<input type="text"/>
3	PLACE OF BIRTH (Do Not Abbreviate) City	State or Foreign Country	Office Use Only FCI	4
				DATE OF BIRTH MM/DD/YYYY
5	CITIZENSHIP (Check One)	<input type="checkbox"/> U.S. Citizen <input type="checkbox"/> Legal Alien Allowed To Work <input checked="" type="checkbox"/> Legal Alien Not Allowed To Work (See Instructions On Page 3) <input type="checkbox"/> Other (See Instructions On Page 3)		

Source: Excerpt of the Form SS-5, Application for a Social Security Card, as retrieved from SSA.gov.

The Form SS-5 instructions indicate that individuals applying for a nonwork SSN must provide documentation to the SSA from a U.S. federal, state, or local government to support their need for an SSN and prove that they have met the requirements for the government benefit. Individuals who have been assigned a nonwork SSN are eligible to receive the EITC if they obtained the SSN for reasons other than collecting federally funded benefits. The hypothetical examples below illustrate EITC eligibility for taxpayers with nonwork SSNs.

Example A: An individual applies for a nonwork SSN to receive a federal benefit (e.g., Medicaid). This individual would **not be eligible** for EITC because their nonwork SSN was both not authorized to work and was issued to receive a federal benefit.

Example B: An individual applies for a nonwork SSN so they can apply for benefits provided by state or locally funded programs. This individual **would be eligible** for EITC because the reason for the nonwork SSN issuance was not solely for a federal program.

To assist with administrating the EITC, the IRS maintains a database with information obtained from the SSA. The SSA provides the IRS with data on a weekly basis from its main file of SSN holders and applications. The database contains citizenship codes that indicate an individual's citizenship status based on information the individual provided when they originally applied for an SSN.

Objective

The overall objective of this review was to evaluate the IRS's ability to prevent EITC claims for individuals with a nonwork SSN.

Results of Review

The IRS Does Not Systemically Disallow Earned Income Tax Credit Claims Made by Individuals with Ineligible Nonwork Social Security Numbers

The IRS does not have sufficient or reliable data to systemically prevent ineligible individuals with a nonwork SSN from receiving the EITC. As a result, the IRS only addresses a small portion of these tax returns that they can manually review. For Tax Years 2023 and 2024, we identified approximately 67,000 tax returns claiming EITC with a nonwork SSN. These tax returns claimed nearly \$219 million in EITC, of which nearly \$213 million was paid.

The IRS does not have sufficient or reliable data to accurately and efficiently determine why a nonwork SSN was issued

When a taxpayer applies for an SSN through the SSA, they are asked to provide documentation that cites the specific reason and law requiring the nonwork SSN. As previously indicated, nonwork SSNs that were issued solely to apply for or receive a federally funded benefit are invalid for the EITC. The data the IRS receives from the SSA does not have sufficient or reliable information to determine why the individual obtained a nonwork SSN. Without this information, the IRS cannot systemically identify and prevent the issuance of erroneous EITC claims filed using invalid nonwork SSNs.

In July 2017, we reported that the IRS was not considering available data to help prevent EITC claims to individuals with nonwork SSNs.² We recommended that the IRS work with the SSA to evaluate an additional SSA data field that may assist the IRS in identifying ineligible nonwork SSNs. IRS management stated that they coordinated with the SSA and determined that the field was not useful. However, IRS management stated that they would continue to work with the SSA on data attributes that may be available to improve data reliability. Management also agreed to work with the IRS research organization to evaluate using other data that may provide insight into taxpayers or their dependents receiving federally funded benefits.

As part of this review, we contacted the SSA to discuss the data captured from SSN applicants. SSA representatives indicated that they capture the reason a nonwork SSN was requested when processing the application. The SSA technician selects a reason from pre-populated options in a drop-down menu when entering the application into the system. However, the field that contains this information is not in the database that is shared with the IRS. The IRS can request this field through the appropriate channels. We reviewed the data elements available to SSA technicians to capture the reason a nonwork SSN was requested and found that most of the reasons listed are for federally funded programs (*e.g.*, Medicaid, food stamps, *etc.*). Therefore, for new SSN applications, the IRS could potentially use this field to more effectively administer the EITC for individuals with a nonwork SSN.

² TIGTA, Report No. 2017-40-042, *Processes Do Not Maximize the Use of Third-Party Income Documents to Identify Potentially Improper Refundable Credit Claims*, pp.13-14 (July 2017).

IRS does not solely rely on SSA data to identify improper EITC claims because the citizenship status can become outdated

In addition, the SSA data provided to the IRS does not reflect updates to an individual's citizenship or work status that occurred after the SSN is issued. For example, an individual may subsequently become a citizen, or the Department of Homeland Security (DHS) may subsequently authorize them to work in the United States, making them eligible for the EITC. Because the SSA data can become outdated, the IRS does not solely rely on it to accurately and efficiently identify improper EITC claims.

The hypothetical example below describes how changes in an individual's citizenship or work authorization status after a nonwork SSN was issued would make them eligible to claim the EITC.

Example C: An individual was originally issued a nonwork SSN by the SSA. After several years, the individual became a citizen and was authorized to work by the DHS. The individual is now eligible for the EITC. However, the SSA was not informed of the change in status, and the status of the nonwork SSN in their database remains unchanged. Because the IRS relies on SSA data, it is unaware that the individual's SSN has become valid for purposes of claiming the EITC.

There is no requirement for individuals or the DHS to notify the SSA or the IRS of changes in citizenship or work status. The SSA database would not be updated unless an individual contacts the SSA to update their information or gives consent to the DHS to share information with the SSA. In our discussions with the SSA, we learned that some information is shared between these two agencies (*e.g.*, a change in work status), but only if the individual consents to data sharing. However, some changes to status are not shared regardless of individual consent.

In March 2025, Executive Order 14243, *Stopping Waste, Fraud, and Abuse by Eliminating Information Silos*, was signed. This order promotes interagency data sharing and related efficiencies to detect overpayments and fraud. There is no existing agreement for DHS to provide the IRS with citizenship or work authorization updates for individuals.³ As explained in the order, agencies should take the necessary steps, consistent with law, to ensure prompt access to data for the purposes of identifying and eliminating waste, fraud, and abuse. Our findings related to nonwork SSNs claiming EITC are a good example of how data silos impair the government's ability to stop waste and determine eligibility for a benefit or program.

Math error authority could be considered to systemically disallow EITC claims with ineligible nonwork SSNs during tax return processing

If the IRS had sufficient and reliable data, it could consider using math error authority to systemically deny EITC claims with ineligible nonwork SSNs. Internal Revenue Code Section 6213 allows the IRS to bypass standard procedures to more quickly address certain errors on tax returns. Specifically, the IRS can proactively correct mathematical or clerical errors and adjust the reported tax liability or refund amount on a tax return. The IRS has limited math

³ We are conducting separate reviews to evaluate the process and procedures for implementing a data sharing agreement between the IRS and DHS (Immigration and Customs Enforcement) and to assess the IRS's compliance and security of information systems that share federal tax information with other agencies.

error authority to deny EITC claims for some ineligible SSNs. See Appendix I for the situations where the IRS can use math error authority for the EITC.

In discussions with IRS Counsel and Taxpayer Services management, they explained that having the ability to use math error authority to systemically deny claims does not mean that they should do so. Math error authority requires consideration of specific situations. For nonwork SSNs, the IRS must consider that the data reflects a person's immigration status at a specific point in time as citizenship and work status are subject to change. They also indicated that understanding what external data is available could help inform their decisions on whether math error authority should be used or if the data could be used to make improvements to existing processes.

Current Processes to Identify and Manually Review Nonwork SSNs Claims Are Limited but Productive

The IRS uses its deficiency processes to address EITC claims using nonwork SSNs. Deficiency processes require the IRS to send a series of notices and request supporting documentation from the taxpayer to justify a tax position. This process requires an IRS employee to manually work each case and can result in the assessment of additional taxes, penalties, and interest against the taxpayer. However, taxpayers are afforded the opportunity to appeal the additional proposed assessments.

The IRS has created risk-based processes to identify EITC claims with nonwork SSNs that have the highest potential of noncompliance. Once identified, the Automated Questionable Credit (AQC) program selects returns for review based on available program resources. IRS employees manually review the selected returns and contact the taxpayers to confirm eligibility for the EITC. The IRS's results show that nearly 90 percent of the tax returns with nonwork SSNs selected for review were found to be ineligible to claim the EITC. During Processing Years 2023 and 2024, IRS employees protected nearly \$11 million in revenue associated with ineligible EITC claims.

However, the AQC program reviewed only a portion of the tax returns the IRS's risk-based processes identified. For Processing Years 2023 and 2024, the IRS indicated that there were more than 12,600 tax returns that met its risk-based criteria. The AQC program reviewed approximately 40 percent of these returns, issuing approximately 5,100 letters to the taxpayers whose returns met the criteria. Figure 2 shows the number of nonwork SSN EITC claims the AQC program reviewed during Processing Years 2023 and 2024 and the revenue protected.

**Figure 2: Nearly \$11 Million of Tax Revenue Claimed by
Nonwork Social Security Numbers Was Protected
During Processing Years 2023 and 2024**

	Processing Year 2023	Processing Year 2024
Tax Returns Meeting Risk-Based Criteria	2,132	10,510
Compliance Letters Sent ⁴	2,669	2,425
Cases Closed ⁵	2,036	2,781 ⁶
Tax Returns with EITC Denied or Adjusted	87%	90%
Revenue Protected (in millions)	\$4.6	\$6.0

Source: IRS results of AQC filters associated with nonwork SSNs.

Staffing losses can significantly impact how many tax returns are reviewed by the AQC program. From October 2022 to June 2025, the IRS indicated that the AQC program experienced a 15 percent reduction in staffing, from 174 to 148 employees. Improper EITC payments to individuals with nonwork SSNs could increase if resources continue to decline.

In addition, the AQC program reviews other types of tax returns, such as those with unsupported wages and withholding. These other workstreams could take priority and reduce the number of nonwork SSN claims that are reviewed. The IRS is also shifting its focus from reviews of low-income taxpayers who may be more likely to claim the EITC. These changes could affect the AQC program’s efforts to identify EITC claims with nonwork SSNs. It is unknown how current staffing will affect the number of questionable claims the IRS will be able to review.

Finally, we found that the IRS’s risk-based filters did not consider returns [REDACTED]

[REDACTED] We estimate that the IRS may not have considered nearly 35,000 tax returns for Tax Years 2023 and 2024 meeting this condition. In response, the IRS revised their risk-based criteria in September 2025 and indicated that it would implement the new pre-refund filters [REDACTED] beginning in January 2026. We did not confirm whether the revised filters were implemented and working as intended.

We are conducting separate reviews of the IRS’s enforcement efforts on tax return preparers who allow ineligible taxpayers to claim EITC and the IRS’s use of bans on taxpayers who recklessly, intentionally, or fraudulently disregard EITC rules.

⁴ A taxpayer can receive more than one letter based on the issues identified on their tax return.

⁵ A closed case indicates that the IRS made a final determination and processed the case. The result could be either an additional assessment (full or partial disallowance of the EITC claim), a refund, or no change.

⁶ Cases closed may exceed the number of letters sent in a year because IRS reviews may carry over from prior years.

Conclusion

The IRS has repeatedly identified the EITC as susceptible to significant improper payments. For Tax Years 2023 and 2024, we identified approximately 67,000 tax returns claiming the EITC with a nonwork SSN. These tax returns claimed EITC totaling nearly \$219 million, of which nearly \$213 million was paid. Without increased interagency data sharing (consistent with applicable law), and reliable information, the IRS's efforts to prevent claims with an ineligible nonwork SSN from being paid will be limited to risk-based identification and manual review. While effective, these processes are inefficient at addressing the overall EITC improper payment rate and improvements in current manual review processes would have a negligible impact since only a small percentage of the nonwork SSN claims are reviewed.

Performance of This Review

We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Federal Offices of Inspector General*. Those standards require that the work adheres to the professional standards of independence, due professional care, and quality assurance and follow procedures to ensure accuracy of the information presented. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the objective of our review.

Appendix I

Math Error Authority for EITC Claims

For the EITC, mathematical or clerical errors are defined as situations where the credit is claimed but:

- The return is missing a correct SSN for the primary and/or secondary taxpayers, dependents, or any other individuals named in claiming the credit.
- The claim is based on self-employment income where self-employment tax has not been paid.
- The taxpayer claimed the credit for a year that it was disallowed.
- The inclusion of a required SSN, belonging to an individual whose age affects the credit, and when the taxpayer's credit computation indicates an age different from the individual's age based on the SSN.
- The claimant is a noncustodial parent of a claimed child according to the Federal Case Registry of Child Support Orders.

Management's Response to the Draft Report




CHIEF
TAXPAYER SERVICES

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

April 13, 2026

MEMORANDUM FOR DIANA M. TENGESDAL
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Kenneth C. Corbin 
Chief, Taxpayer Services Division

DN: c=US, o=U.S. Government, ou=Department
of the Treasury, ou=Internal Revenue Service,
ou=People, serialNumber=412382, cn=Kenneth
C. Corbin
Date: 2026.04.13 13:21:54 -0400

SUBJECT: Draft Report – Reliable Data Is Needed To Effectively Reduce
Improper Earned Income Tax Credit Payments for Nonwork
Social Security Numbers (Review No.: 20254S0002)

Thank you for the opportunity to review and provide comments on the subject draft report. The Earned Income Tax Credit (EITC) is a refundable federal tax credit for low- to moderate-income working individuals and families, particularly those with children. It reduces the tax owed dollar-for-dollar and can result in a refund check even if no tax is owed. As a refundable credit, it is susceptible to improper and erroneous claims by individuals not eligible to receive it. A significant challenge faced by the IRS in administering the EITC is lacking sufficient data to evaluate eligibility for the credit when processing tax returns claiming it.

We appreciate the Treasury Inspector General for Tax Administration drawing attention to the need for improved data sharing among government agencies and illustrating how such improvements could, if implemented, permit us to more effectively evaluate the validity of Social Security Numbers of claimants and determine credit eligibility at the time of filing. Having timely, updated, reliable eligibility information would enable immediate eligibility determinations and would avoid costly, resource intensive, post-filing determinations.

If you have any questions regarding this response, please contact me, or a member of your staff may contact James P. Clifford, Director, Return Integrity and Compliance Services, Taxpayer Services Division, at 470-639-3250.

Appendix III

Abbreviations

AQC	Automated Questionable Credit
DHS	Department of Homeland Security
EITC	Earned Income Tax Credit
IRS	Internal Revenue Service
SSA	Social Security Administration
SSN	Social Security Number
TIGTA	Treasury Inspector General for Tax Administration



**To report fraud, waste, or abuse,
contact our hotline on the web at
<https://www.tigta.gov/reportcrime-misconduct>.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at
TIGTACommunications@tigta.treas.gov.**

Information you provide is confidential, and you may remain anonymous.