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IRS to seek proof for tax credit

WASHINGTON – Later this summer, the Internal Revenue Service will ask thousands of taxpayers to **provide proof** that they **qualify** for the childcare deduction. The childcare **deduction**, or **credit**, helps parents pay for the costs of **raising** children. It is **especially** important for low-income families.

The new IRS **paperwork** will help the agency **reduce** billions of dollars in **erroneous** payments made each year through the **earned income tax credit**. The Treasury Department says it has made many **overpayments** to people other than single mothers or married couples. Some payments have gone to single fathers, grandparents and other relatives who care for children. Although such people may **qualify** for the tax credit, many **apply** for it without meeting the **requirements**.

In a **pilot study** this summer the IRS will ask 45,000 of those taxpayers to prove the child lived with them for more than six months. The IRS will **contact** them in August and will ask for records or a letter from childcare **providers**, **clergy**, employers, landlords or local officials.

About 19 million taxpayers - **roughly** one in seven - claimed a credit in 2002 for a total of more than \$32 billion.

Vocabulary

apply
clergy
contact
credit
deduction
earned income tax credit
erroneous
especially
overpayments
paperwork
pilot study
proof
provide
providers
qualify
raising
reduce
requirements
roughly