

SUMMARY OF S. 577

Senator Vitter's Bill to Deny Child Tax Credit Eligibility to Millions of Children

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S. 577 would amend the Internal Revenue Code to require tax filers to provide their Social Security numbers (SSNs) to establish eligibility for the child tax credit (CTC) and the refundable additional child tax credit (ACTC). In effect, this would disallow CTC/ACTC eligibility to over 3 million taxpayers who file their taxes using an individual taxpayer identification number (ITIN). The Internal Revenue Service (IRS) issues ITINs to individuals who are not eligible for an SSN but who are required to pay federal income taxes. ITIN filers include both lawfully present and undocumented immigrants.

Senator Vitter's legislation seeks to stop fraudulent CTC/ACTC claims by denying eligibility to ITIN filers. Such a drastic change in tax policy would harm millions of U.S. citizen children — the very population the tax credit is intended to benefit. This is analogous to treating fraud in the home mortgage industry by abolishing loans.

S. 577 targets fraud allegations in one small program. The IRS states that erroneous or fraudulent claims are not unique to the CTC/ACTC, nor are they unique to ITIN filers. It would seem to make sense to pursue fraud in a more systematic and comprehensive fashion.

The facts about S. 577

- S. 577 does not address allegations of fraud in the CTC/ACTC. Instead, it denies eligibility for the CTC/ACTC to up to 3 million working families who are legally compelled to pay federal and payroll taxes.
- S. 577 will harm more than 5 million children, 4 million of whom are U.S. citizens — the very population the tax credit is intended to benefit.
- S. 577 will hit Latinos hardest: More than 80 percent of those harmed are Latino families.
- S. 577 will hurt the lowest-income families: Most of these workers are raising children on hourly wages of \$10 or less. Seventy percent of families using the ACTC earn less than \$30,000 per year.
- S. 577 will take an average of \$1,800 from the pockets of low-income working taxpayers.
- S. 577 will prevent many families from paying for groceries, utilities, or child care. Low-income families spend a majority of this tax credit directly on their children.

FOR MORE INFORMATION, CONTACT

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