

Immigrants and Taxes

HB 0789/SB0715

Delegate Jolene Ivey/Senator Victor Ramirez

WHO MUST FILE:

In general, most full year and part year residents of Maryland are required to file a Maryland tax return. A Maryland resident is a person whose permanent home is or was in Maryland during the tax year or a person whose home is outside of Maryland but maintained a place of abode in Maryland and was physically present in Maryland for 183 days.

THE MINIMUM INCOME TO FILE MARYLAND TAXES:

Even if a Maryland resident is not required to file a tax return, they can choose to file one regardless of income. However, a taxpayer must file a Maryland tax return if their Maryland gross income exceeds the following amounts:

| FILING STATUS | MINIMUM GROSS INCOME (under 65) | MINIMUM GROSS INCOME (65 or over) |
|---------------------------|--|---|
| Single | \$9,750.00 | \$11,200 |
| Head of Household | \$12,500 | \$13,950 |
| Married Filing Jointly | \$19,500 | \$20,650 (one spouse is 65 or over) \$21,800 (both spouses are 65 or over) |
| Married Filing Separately | \$3,800 | \$3,800 |
| Qualifying Widow(er) | \$15,700 | \$16,850 |

IMMIGRANTS PAY TAXES, TOO:

All immigrants pay taxes whether they are undocumented or not. They pay them in the form of property tax; sales tax; and Federal, State and local income taxes. The IRS estimates that about 6 million undocumented immigrants file individual income taxes each year. The Institute for Taxation and Economic Policy estimated the state and local taxes paid in 2010 by households headed by undocumented immigrants totaled **\$11.2 billion**; which included **\$1.2 billion** in personal income taxes. In Maryland, households headed by undocumented immigrants paid **\$275,172,882** in taxes; which included **\$75,979,518** in personal income taxes, **\$22,113,794** in property taxes, and **\$177,079,570** in sales taxes. Immigrants and their families are adding value to the U.S. and Maryland's economy.

HOW DO UNDOCUMENTED IMMIGRANTS PAY TAXES

Many undocumented immigrants obtain an Individual Taxpayer Identification Number (ITIN), a tax processing number issued by the Internal Revenue Service. The IRS issues ITINs to individuals who are not eligible to obtain a Social Security Number (SSN) from the Social Security Administration (SSA) in order to collect taxes. ITINs are issued regardless of immigration status.

The number of taxpayers in Maryland using ITINs in 2011, including both primary and secondary (spouse) was 132,350. The number of dependents (including children and other) regardless of age was 75,963. The total number of validated ITINs in Maryland is 208,313.

WHY DO UNDOCUMENTED IMMIGRANTS PAY TAXES:

Undocumented immigrants pay taxes because it is the right thing to do; they want to play by the rules, show that they are a vital part of the community, and establish residency.

HOW DO WORKING UNDOCUMENTED IMMIGRANTS CONTRIBUTE TO TAX REVENUE

- Some people work on false social security numbers. In those cases, people cannot file taxes based on their paycheck deductions because they can't claim monies fed into the system under that number. Those monies are held in the social security suspense fund (it is the SSA fund that holds monies that can't be associated with a specific taxpayer and numbers in the billions). Maryland has a similar suspense account and each three years that money is moved to the general fund (there was a budget saving device several years ago to shorten the three year period which may still be in play.)
- Some workers give their ITIN numbers to their employers and their employers pay taxes to that number until it is rejected by the IRS as a number that someone cannot work on.
- Some employers simply put a fake number down themselves without telling the worker.
- Many people become subcontractors rather than employees and set up small businesses. Then they handle all the income as business income and can submit taxes with their ITINs