



PROTECT THE CHILD TAX CREDIT

Reject Amendments Limiting Eligibility for Children of Immigrants

July 2014

HR 4935 is legislation that makes changes to the Child Tax Credit (CTC), including a provision that would deny the refundable portion of the CTC, known as the Additional Child Tax Credit (ACTC), to parents filing without a Social Security number. As a result, immigrant parents who pay their taxes using an IRS-issued Individual Taxpayer Identification Number (ITIN) would be restricted from claiming the ACTC on behalf of their children. Ultimately, this change could harm up to 5.5 million children, the majority of whom are U.S. citizens and live in low-income families.¹

TARGETING CHILDREN

- Created with bipartisan support, the CTC was designed to help working parents manage the costs of raising children and enable them to meet their family's basic needs.
- Any restriction of the CTC harms children – the very population the credit is designed to support.

THE PROPOSAL RAISES TAXES ON FAMILIES ON WHO CAN LEAST AFFORD IT

- Children of immigrants comprise 30% of all low-income families, and families filing with an ITIN are currently raising their children on an average of only \$21,000 per year.²
- Denying the Child Tax Credit to ITIN families raises their taxes by 8%, taking an average of \$1,800 out of the pockets of families who already live at or below the poverty line.³

THE PROPOSALS WOULD DRIVE CHILD POVERTY EVEN HIGHER

- Child poverty is at a 20-year high, but the CTC and ACTC are proven anti-poverty tools – keeping 1.5 million children out of poverty in 2011 alone.⁴
- 1 in 5 children currently live in households that struggle with hunger, but refundable tax credits enable families to meet these immediate needs, while also improving children's health, education, and labor market outcomes in the future.⁵
- The Child Tax Credit, and the ACTC in particular, is of immense value to low-income families – who, of families at all income levels, spend the highest percentage of their income directly on their children's needs, such as food, clothing, and doctors' visits.⁶

A recent poll conducted by American Viewpoint reveals that 68 percent of American voters oppose cuts to the Child Tax Credit. Denying the refundable portion of the CTC to immigrant children does nothing to address fraud in the tax system and only hurts our most vulnerable children. In order to effectively tackle child poverty and promote child well-being, our nation's policies must be designed to benefit all children. The Child Tax Credit currently does just that and should be protected.

¹ Jeffrey Passel and D’Vera Cohn, (February 2011). *Unauthorized Immigrant Population: National and State Trends, 2010*. Pew Hispanic Center: Washington, DC.

² NCLR calculation based on David Rogers, “GOP targets immigrants in tax credit,” *Politico*, January 12, 2012.

http://www.politico.com/news/stories/0112/71370_Page3.html (accessed January 2012). There are 2,000 hours in one year of full-time work. Thus, divide \$21,240 by 2,000 to get \$10.62 per hour.

³ Treasury Inspector General for Tax Administration, *Individuals Who Are Not Authorized to Work*; and David Rogers, “GOP targets immigrants in tax credit.” In 2010, the average ACTC refund amount for ITIN taxpayers was \$1,800, and their average household wages were \$21,240. $7.8\% = \$1,800 / (\$1,800 + \$21,240)$

⁴ Center on Budget and Policy Priorities, “Policy Basics: The Child Tax Credit.”

⁵ U.S. Department of Agriculture (2013). *Household Food Security in the United States in 2012*.

⁶ U.S. Department of Agriculture, (2010). *Cost of Raising a Child*.