

Analysis of S 686

Prohibiting Illegal Aliens from Claiming the Earned Income Tax Credit (EITC)

This bill was introduced in March, 2015, by Sen. Charles Grassley (R-IA) and eleven cosponsors. It was a reaction to the discovery that, following President Obama's November 2014 announcement of a renewable three-year amnesty to approximately four million illegal aliens (Deferred Action for Parents of Americans – DAPA), the Internal Revenue Service intended to allow those covered by the amnesty to file for the Earned Income Tax Credit (EITC) for years in which they had worked illegally. The EITC provides for a tax credit which can exceed the amount actually paid in taxes, making it more of a welfare program than a tax matter. Therefore, the President's amnesty provided a potential taxpayer-funded bonus for some illegal aliens.

The bill provides that no one shall be eligible for the EITC for a year in which he was not legally eligible to be employed in the United States, and also any year in which he was given deferred action (i.e. the Obama amnesty). It applies only to the amnesty announced in November 2014 (DAPA), and is therefore more limited than S 784, which also extends to the 2012 DACA amnesty, which implemented portions of the DREAM Act after Congress failed to pass it. There have been estimates that, in extreme cases, illegal aliens might collect as much as \$24,000 through the EITC.

For enforcement purposes, the Commissioner of Social Security is required to provide the Treasury Department (which includes the IRS) with a list of any illegal aliens covered by DAPA who have been granted a Social Security number and could therefore file for EITC.

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