



Written by [Brian Koenig](#) on August 24, 2012

Illegal Immigrants Could Receive \$7B in Tax Credits This Year

Billions of dollars in federal tax credits are flowing to illegal immigrants thanks to a loophole in the tax code that allows them to reap government dollars without authorization to work. A report issued last year by the Treasury Inspector General for Tax Administration estimated claims of [\\$4.2 billion](#) in 2010.



Sen. Jeff Sessions (R-Ala.) projected that through the Additional Child Tax Credit, illegal immigrants could procure about \$7.4 billion this year, more than quadruple what was paid out four years ago and a startling sum more than the [\\$161-million payout](#) in 2001. While illegal immigrants are not eligible for similar tax credits, a dubious provision in the law grants them eligibility to receive the child tax credit — even if they paid no taxes.

The reason illegals are eligible for the credit is because even those not permitted to work in the country are expected to file tax returns with the Internal Revenue Service (IRS). If they have no Social Security number, the government grants them an Individual Taxpayer Identification Number in order to file. And despite their illegal status, they still qualify for the credit, which is accorded to certain families with children under 17 years old.

A three-month investigation by reporter Bob Segall with [NBC News affiliate WTHR 13](#) exposed the scandal by way of an Indiana tax preparer who interviewed illegal immigrants collecting the welfare payments. “There is not a doubt in my mind there’s huge fraud taking place here,” the tax man, who asked to remain anonymous, asserted in the report. “We’re talking about a multi-billion-dollar fraud scheme here that’s taking place and no one is talking about it.”

One of Sen. Sessions’ aides said the boondoggle is a “serious matter that deserves attention” and another signal of how “Washington is disconnected from reality.”

As revelations of the loophole have spread, waves of illegal immigrants have been flooding tax preparation offices to cash in on the tax “refund.” Amazingly, Segal found that numerous illegal immigrants were claiming tax credits — eligible for up to \$1,000 per child — for children living in Mexico; moreover, some were even documented as nieces and nephews.

“We’ve seen sometimes 10 or 12 dependents, most times nieces and nephews, on these tax forms,” the tax preparer attested. “The more you put on there, the more you get back.” The scheme has become so widespread that of the three million returns filed by illegal immigrants in 2010, more than 70 percent claimed the tax credit.



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Segal interviewed a number of illegal immigrants who took part in the fraud and they affirmed that it was a simple process and that they were only taking advantage of the tax system. The reporter disclosed one return showing a \$10,300 refund for nine nieces and nephews.

“The magnitude of the problem has grown exponentially,” said Russell George, the U.S. Treasury Department’s Inspector General for Tax Administration (TIGTA). “Millions of people are seeking this tax credit who, we believe, are not entitled to it,” George told Segall in an interview. “We have made recommendations to [the IRS] as to how they could address this, and they have [still] not taken sufficient action in our view to solve the problem.”

Conservative groups, some Republican lawmakers, and regular hardworking citizens are beginning to question the scam, claiming it is another big-government spending scheme that is contributing to the country’s vast welfare state. In an [opinion piece](#) for *The Hill*, Sen. David Vitter (R-La.) delivered his opinion on the matter:

This isn’t some service benefit that illegal immigrants are receiving like taxpayer-subsidized healthcare or education. And it’s not a tax deduction or credit that requires the recipient to actually pay any taxes. It’s a taxpayer-funded check from the federal government via the refundable Child Tax Credit program. And there’s absolutely no proof required that the recipient actually be eligible under the law, which illegal immigrants are not.

Abuse of this tax benefit is one of the most ridiculous factors adding to our country’s federal deficit today. Equally harmful, it is acting as a powerful incentive for more illegal immigrants to come to America — a magnet for more and more illegal crossings and activity.

So what does the IRS have to say? In a statement to WTHR, the agency ratified its policy of using taxpayer dollars to funnel arbitrary welfare payments to illegal immigrants. “The law has been clear for over a decade that eligibility for these credits does not depend on work authorization status or the type of taxpayer identification number used,” the statement read. “Any suggestion that the IRS shouldn’t be paying out these credits under current law to ITIN holders is simply incorrect. The IRS administers the law impartially and applies it as it is written.”

Photo: Sen. Jeff Sessions (R-Ala.) the ranking minority member on the Senate Budget Committee, left, accompanied Sen. Ron Johnson (R-Wis.) criticizes the economic policies of both Obama and Senate Democrats, Jan. 24, 2012, during a news conference on Capitol Hill in Washington: (AP Images)



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