



Latinos Oppose Changes to Child Tax Credit Fact Sheet

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Congressional members are attacking children by pushing for a change in law that would make children in low-income families lose access to the [Child Tax Credit](#).^{*} They would do so by blocking taxpayers who use an Individual Taxpayer Identification Number (ITIN) from receiving the refundable Child Tax Credit. Rather than asking the wealthy or corporations to pay their fair share, these proposals would make low-income families pay more in taxes to fund other priorities. More than four million Latino children and their families would face greater hunger, poverty, and other severe hardships if any of these proposals is enacted, causing negative consequences for the entire nation for years to come.¹

A proposal by Senator Kelly Ayotte (R-NH) would pay for veterans pensions restoration by using the savings from making ITIN families ineligible for the refundable Child Tax Credit. Instead of finding other more rational solutions, these proposals pit veterans against children.

The Child Tax Credit reduces taxes owed by up to \$1,000 per child so taxpaying working parents can better afford to put food on the table and buy other necessities for a growing child. The refundable portion of Child Tax Credit functions as a wage subsidy by providing a tax refund for the lowest-income workers. The maximum refundable tax credit is 15% of family income minus \$3,000, regardless of the number of children. For example, a minimum wage worker earning \$14,500 annually with two or more children could receive at most \$1,725 as a refund. The credit is only available for taxpayers who are working, earning income, and raising children at their home in the United States.² This tax credit is currently legally available for qualified taxpayers who use the ITIN, many of whom are immigrants.

Changes to the Child Tax Credit that reduce eligibility will hurt hardworking, taxpaying families and millions of Latino children.

Families who would be harmed by this proposal are:

- **Disproportionately Latino.** An estimated 85% of families affected by this policy change are Hispanic.³ In total 5.5 million children of undocumented immigrants could be affected a change to the Child Tax Credit, including 4.5 million U.S. citizen children and 1 million undocumented children—or little Dreamers—who were brought to the United States by their parents.⁴ The number of Latino children in mixed-status families who would lose access to

^{*} For more information about the Child Tax Credit and its importance to Latino families, please contact Leticia Miranda (lmiranda@nclr.org) at NCLR.

the Child Tax Credit is 4.4 million.⁵ Proposals to make ITIN taxpayers ineligible amounts to a targeted attack on the Latino community and will be widely felt since one out of four Hispanic children would be affected.

- **Taxpayers.** ITINs are commonly used by immigrants who lack a Social Security number so that they can pay their share of income, Social Security, and Medicare taxes. In 2010, ITIN tax filers paid more than \$13 billion in payroll taxes to support Social Security and Medicare—over ten years, this will amount to an estimated \$130 billion.⁶ As clarified by IRS experts at a [congressional hearing](#) on this issue, it is absolutely legal and aligned with IRS policy for ITIN taxpayers to receive the refundable Child Tax Credit if they meet the eligibility requirements.⁷
- **Very Low-Income.** The average household income for ITIN filers claiming the refundable Child Tax Credit in 2010 was \$21,240, which translates to \$10.62 per hour for a full-time worker.⁸

If the law changes, the typical ITIN taxpayer earning \$21,240 per year would experience an 8% increase in taxes owed, amounting to a loss of \$1,800 in the typical family's income per year.⁹

- A loss of \$1,800 per year translates to a loss of \$70 per paycheck for the typical family affected by the proposed change.¹⁰
- This means less money for food, rent, clothes, doctor's visits, school supplies, and other necessities. Latino children already experience high rates of hunger— Latino children make up nearly two-fifths (37%) of all children living with hunger—and this law will lead to even more hunger.¹¹ Research has consistently shown that children in food-insecure families are more likely to have health and developmental problems.

The Child Tax Credit keeps children out of poverty and keeps money in communities.

- Cutting the Child Tax Credit means less money circulating in communities, which will slow economic growth and lead to job losses around the country, especially because the cut is to low-income families who quickly spend their money on necessities.¹²
- More than one in three (35%) Latino children lived in poverty in 2010, underscoring a need for the Child Tax Credit.¹³ The Child Tax Credit lifted 1.3 million children out of poverty in 2010.¹⁴
- Recent ground-breaking research shows that over the long-term children of refundable tax credit recipients do better in school, are likelier to attend college, and earn more as adults.¹⁵ Hispanic children of immigrants are an important part of America's future workforce. It is profoundly unwise for our nation to exclude these children from benefiting from the Child Tax Credit.

¹ Jeffrey Passel and Richard Frye, *Latino Children: A Majority Are Off-spring of Immigrants* (Washington DC: Pew Hispanic Center, 2009), <http://pewhispanic.org/files/reports/110.pdf> (accessed January 2012).

² Center on Budget and Policy Priorities, “Policy Basics: The Child Tax Credit,” (Washington DC: Center on Budget and Policy Priorities, 2009), <http://www.cbpp.org/cms/index.cfm?fa=view&id=2989> (accessed January 2012).

³ NCLR calculation based on Jeffrey Passel and Paul Taylor, *Unauthorized Immigrants and Their U.S.-born Children* (Washington DC: Pew Hispanic Center, 2010), <http://www.pewhispanic.org/2010/08/11/unauthorized-immigrants-and-their-us-born-children> (accessed January 2012); and Jeffrey Passel and Richard Frye, *Latino Children: A Majority Are Off-spring of Immigrants*. The 85% number is derived by dividing 4.4, which is the number of Latino children with either one undocumented immigrant parent or the child is an undocumented immigrant, by 5.1 million, which is the total number of children with either one undocumented parent or the child is undocumented. Thus, $4.4/5.1 = 85\%$ approximately. The 4.4 number is for 2008, while the 5.1 number is for 2009; thus, the calculation is likely to be a low estimate.

⁴ Jeffrey Passel and D’Vera Cohn, (February 2011). *Unauthorized Immigrant Population: National and State Trends, 2010*. Pew Hispanic Center:

Washington, DC. <http://www.pewhispanic.org/files/reports/133.pdf>

⁵ Jeffrey Passel and Richard Frye, *Latino Children: A Majority Are Off-spring of Immigrants*.

⁶ Social Security Administration, *Actuarial Note 151, Effects of Unauthorized Immigration on the Actuarial Status of the Social Security Trust Funds*, Washington, DC, 2013.

http://www.socialsecurity.gov/OACT/NOTES/pdf_notes/note151.pdf (accessed January 2014).

⁷ Ways and Means Committee, *Hearing on Improper Payments in the Administration of Refundable Tax*, 112th Cong., 1st sess., 2010, 28. http://waysandmeans.house.gov/UploadedFiles/Olsen_Testimony.pdf (accessed January 2012).

⁸ 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.

⁹ 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. $7.8\% = \$1,800 / (\$1,800 + \$21,240)$.

¹⁰ NCLR calculation based Treasury Inspector General for Tax Administration, *Individuals Who Are Not Authorized to Work*. \$1,800 average ACTC amount for ITIN filers divided by 26 two-week periods per year equals \$70 per two-week pay period.

¹¹ *USDA Data for 2010 Show Food Insecurity and Hunger Threaten Latino Children’s Well-Being* (Washington, DC: NCLR, 2011),

[http://www.nclr.org/images/uploads/pages/Hispanic%20Food%20Insecurity%20in%202010%20--%20Fact%20Sheet%20FINAL%20\(1\).pdf](http://www.nclr.org/images/uploads/pages/Hispanic%20Food%20Insecurity%20in%202010%20--%20Fact%20Sheet%20FINAL%20(1).pdf) (accessed January 2013).

¹² David Rogers, “GOP targets immigrants in tax credit”; and *Dollar Wi\$e Best Practices: Earned Income Tax Credit* (Washington DC: The United States Conference of Mayors Council for the American City, 2008),

<http://usmayors.org/dollarwise/resources/eitc08.pdf> (accessed January 2012).

¹³ U.S. Bureau of the Census, “Historical Poverty Tables,” *Current Population Survey*. Washington, DC, 2011, <http://www.census.gov/hhes/www/poverty/data/historical/people.htm> 1 (accessed January 2012), Table 11.

¹⁴ Center on Budget and Policy Priorities, “Policy Basics: The Child Tax Credit.”

¹⁵ Chuck Marr, Jimmy Charite, and Chye-Ching Huang, *Earned Income Tax Credit Promotes Work, Encourages Children’s Success at School, Research Finds* (Washington DC: Center on Budget and Policy Priorities, 2013) <http://www.cbpp.org/cms/?fa=view&id=3793>