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IRS Admits It Encourages Illegals To Steal Social Security Numbers For Taxes

This isn't exactly the kind of story the IRS wants buzzing around at tax time. The IRS and Justice Department normally want 'scared straight' stories just before Tax Day. Ideally, when an indictment or conviction for tax evasion hits the news, it makes you think twice. Somehow, you think just a bit more about all those deductions, or if you really reported all your income, before you sign your return under penalties of perjury.

Instead, we have the top dog at the IRS, the IRS Commissioner himself, admitting that, well, there's a problem with illegal immigrants and taxes. In fact, the top IRS official this time wasn't talking about how the IRS wipes some hard drives or can't find emails. He wasn't even asking for a bigger budget to give bonuses to IRS employees.

This time, he was talking about illegal immigrants, and about the IRS turning a blind eye. Or maybe worse. The IRS actually *wants* illegal immigrants to illegally use Social Security numbers, he suggested. IRS Commissioner John Koskinen made the surprising statement in response to a question from Sen. Dan Coats, R-Ind., at a Senate Finance Committee meeting. The question was a touchy one. Gee, is the IRS collaborating with taxpayers who file tax returns using fraudulent information? It wasn't put exactly that way. According to Senator Coats:

- 6 What we learned is that ... the IRS continues to process tax returns with false W-2 information and issue refunds as if they were routine tax returns, and say that's not really our job. We also learned the IRS ignores notifications from the Social Security Administration that a name does not match a Social Security number, and you use your own system to determine whether a number is valid."

Commissioner Koskinen was asked to explain this. He suggested that as long as the information is being used only to fraudulently obtain jobs, the IRS was OK with it. In fact, he said that the IRS actually had an interest in *helping* the illegal immigrants to crook these rules. In fairness, perhaps it's just the 'that's not my department' response that abounds in big government. Perhaps this just isn't the *IRS's* problem, but it sure seems odd to have *any* [agency chief encouraging illegal immigrant theft of SSNs](#).

You'll love this next part. The IRS chief tried to distinguish between the various bad uses and misuses of someone else's personal data. It is at least vaguely reminiscent of the flap a year ago that differentiated President Obama and Donald Trump over immigration and taxes. Mr. Trump said [illegal immigrants get \\$4.2 billion in tax credits](#). A [2011 audit](#) by the Treasury Inspector General for Tax Administration confirmed that individuals who are not authorized to work in the United States were paid \$4.2 billion in refundable credits.

Of course, undocumented immigrants cannot legitimately get Social Security numbers, but it seems the IRS doesn't care. Besides, they can file taxes with an Individual Taxpayer Identification Number. [ITIN](#). They are not supposed to get the Earned Income Tax Credit, but they can receive the [additional child tax credit](#). If the President succeeds in legitimizing the status of illegal immigrants, they could even get the Earned Income Tax Credit that is responsible for [billions in fraudulent refunds](#).



The recipe goes like this. First, get a Social Security number, then claim the Earned Income Tax Credit for the last three years. Then, wait for the IRS to send you three years of tax refunds. The gambit could apparently work even if you never paid taxes, never filed a return, and worked off the books. And the IRS says this is the way the Earned Income Tax Credit works.

Cautious IRS Commissioner Koskinen himself explained the seemingly bizarre result to Sen. Charles Grassley (R-Iowa) in 2015. Illegal immigrants covered by the President's amnesty deal can claim back tax credits for work they performed illegally, even if they never filed a tax return during those years. This [written](#) response clarified the IRS chief's earlier statements, [confirming that illegals can get back taxes](#).

In 2015, IRS Commissioner Koskinen [said](#) that to claim a refund, an illegal immigrant would need to have filed past tax returns. But the IRS chief later corrected himself and said that they can claim the money even if they never filed tax returns in the past. According to the IRS, illegal immigrants granted amnesty and Social Security numbers can claim up to three years of back tax credits.

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not legal advice.