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Tax Refunds To Illegals Under Obama Immigration Action Would Be Stopped By Bill

Whatever one thinks of the President Obama's aggressive executive action on immigration—which is still being litigated in the courts—tax refunds for the affected illegal immigrants has itself become controversial. The IRS says that illegals can file and claim refunds for the last three years under the Earned Income Tax Credit. That is the same refundable tax credit that is responsible for [billions in fraudulent refunds](#). IRS Commissioner Koskinen confirmed this, explaining the seemingly bizarre result to Sen. Charles Grassley (R-Iowa).

What if you *never* reported any income or *never* filed a return? Under President Obama's executive action, an illegal immigrant can: (1) get a Social Security number; (2) claim the Earned Income Tax Credit for the three open tax years; and (3) IRS sends three years of tax refunds. No matter that you never paid taxes, never filed a return, worked off the books, etc.



The IRS says this is the way the Earned Income Tax Credit works. IRS Commissioner Koskinen says the IRS is following a 15-year-old opinion that “a taxpayer may claim the Earned Income Tax Credit for a taxable year using a Social Security number acquired in a later taxable year.” Calling the three year tax refund perk a mockery of the law, Senator Grassley noted that illegals would be able to claim *billions* of dollars in tax benefits.

Sen. Grassley vowed legislation to overturn the IRS position. “The tax code shouldn’t reward those who broke our immigration laws,” he said. So far, the President hasn’t backed down, so U.S. Rep. Patrick McHenry has introduced a bill to keep undocumented workers from receiving the Earned Income Tax Credit, a benefit for low- to moderate-income taxpayers.

“My bill is a direct result of the (IRS) announcement,” [said McHenry](#), a Republican who represents the 10th District, which includes Gaston County. “It’s very simple. If you’re not here legally, you should not be able to access the Earned Income Credit. It’s for the American taxpayers who are trying to make ends meet.”

Illegals in the U.S. covered by President Obama’s recent action can apply for tax breaks going back three years. Rep. McHenry thinks there is a great chance for fraudulent returns, noting that even if undocumented workers were employed in the past, many may have used Social Security numbers that didn’t belong to them. That in itself is fraud.

In any case, Rep. McHenry says illegal workers who broke the law should not benefit from the U.S. tax system. “If you’re here counter to the law, you should not be able to recoup from the taxpayer that which you were fraudulently getting,” he said. Rep. McHenry introduced the No Free Rides Act. The bill would not stop illegal immigrants from filing tax returns, but would prohibit those workers from using Earned Income Tax Credit.

“President Obama’s immigration action giving millions of illegal immigrants Social Security numbers marked an unprecedented executive overreach,” said McHenry. “Now, we learn that these same people, whose first act on American soil was breaking our laws, might be eligible for up to \$24,000 in tax credits. This is simply unacceptable. By introducing the No Free Rides Act we ensure these illegal immigrants will not receive any more benefits intended to help American families.”

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