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Dear Hillary, Do Illegal Immigrants Pay More Taxes Or Get Bigger Refunds?

Hillary Clinton claimed at a [roundtable in North Las Vegas](#) that illegal immigrants pay more taxes than some big corporations: “In New York, which I know a little bit about because I represented it for eight years and I live there now, our undocumented workers in New York pay more in taxes than some of the biggest corporations in New York.”

Even the Washington Post awarded Mrs. Clinton Four Pinocchios for her [claim](#). To be fair, Mrs. Clinton was speaking generally. Plus, she can find some thin support in [an opinion column](#) that says corporate giants often get huge tax breaks. In contrast, poor, undocumented immigrants have paid billions in state taxes. Even so, WaPo tracks this back to [the website](#) of Sen. Bernie Sanders (I-Vt.) and an Institute for Taxation and Economic Policy [report](#).



It turns out that Mrs. Clinton's comparison conflates state and local taxes, including property and sales taxes, with federal income taxes. If you look at property and sales taxes, the big companies to which Mrs. Clinton alludes pay a lot, more, in fact, than undocumented individuals. WaPo mentions Verizon and Citicorp. Mrs. Clinton's spokesman Josh Schwerin stated that:

The point she was making is that undocumented immigrants pay more in state and local taxes alone than some of our biggest companies pay in either state or federal corporate income tax. That is a striking fact. And that's why she raised it.

Undocumented immigrants pay sales taxes. Moreover, one [estimate](#) says that illegal immigrants paid \$12 billion in Social Security taxes in 2010—using false or duplicative Social Security numbers. Even companies that pay little or no federal income tax pay lots of *other* taxes. It is also not clear how much illegal immigrants take out. President Obama's aggressive executive action on immigration is still being litigated in the courts.

Tax refunds for the affected illegal immigrants have become controversial. The IRS says that illegal immigrants 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.”

Illegal immigrants in the U.S. covered by President Obama’s executive 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.

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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