A Harder Squeeze on the Poor

Published: January 30, 2012

House Republicans have hit upon a noxious scheme to help pay for an extension of the payroll tax cut: a tax increase on millions of poor working families. A bill passed by the House and now in conference seeks to deny cash refunds under the child tax credit to those who file tax returns using “individual taxpayer identification numbers” issued by the Internal Revenue Service. Only those using Social Security numbers would be eligible.

The refundable portion of the child tax credit is a life-saver for the working poor. Families that would be cut off by this policy change make an average of $21,000 per year, according to the Treasury Department. They would lose an average of $1,800. About 80 percent of those families are Hispanic. The taxpayer identification numbers are used frequently, though not exclusively, by unauthorized immigrants to pay the taxes because they are not eligible for Social Security numbers. The I.R.S. accepts their tax payments and allows families to claim the child tax credit regardless of immigration status. This policy is an effective antipoverty tool that protects children, most of whom are American-born citizens.

The Republicans who have flatly rejected tax increases on the rich have settled instead on limiting this refund, which kept about 1.3 million children from falling into poverty in 2009.

Leaving aside the cruelty of squeezing the poorest workers for a greater portion of their wages to make a point about illegal immigration, the bill punishes not just the undocumented, but the communities they live in, because a poor family’s hard-earned wages get spent: on things like groceries, child care, utilities, gas and rent. This would be the bottom line of the House bill: a Congress that has failed for years to fix the immigration system, using its failure to harm children and hurting those at the bottom of the ladder to avoid the slightest pressure on millionaires. The Senate would be mad to go along with it.