

**DESCRIPTION OF H.R. 4722, A BILL TO AMEND THE INTERNAL
REVENUE CODE OF 1986 TO REQUIRE INCLUSION OF THE
TAXPAYER'S SOCIAL SECURITY NUMBER TO CLAIM
THE REFUNDABLE CHILD TAX CREDIT**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on March 16, 2016

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



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INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup of H.R. 4722, a bill to amend the Internal Revenue Code of 1986 to require inclusion of the taxpayer's Social Security number to claim the refundable portion of the child tax credit, on March 16, 2016. This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of the bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 4722, a Bill to Amend the Internal Revenue Code of 1986 to Require Inclusion of the Taxpayer's Social Security Number to Claim the Refundable Portion of the Child Tax Credit* (JCX-11-16), March 15, 2016. This document can also be found on the Joint Committee on Taxation website at www.jct.gov.

A. Social Security Number Required to Claim the Refundable Portion of the Child Tax Credit

Present Law

An individual may claim a tax credit for each qualifying child under the age of 17.² The maximum amount of the credit per child is \$1,000. A child who is not a citizen, national, or resident of the United States cannot be a qualifying child. The child tax credit is allowable against both the regular tax and the alternative minimum tax.

To the extent that the child tax credit cannot offset the taxpayer's tax liability (because the taxpayer's tax liability has otherwise been reduced to zero), the taxpayer may be eligible for an additional credit which is refundable. The additional credit (also known as the refundable child tax credit) is an amount equal to the greater of (1) 15 percent of the taxpayer's earned income in excess of \$3,000, or (2) in the case of a family with three or more children, the amount by which the taxpayer's social security taxes exceed the earned income credit.

Any individual filing a U.S. tax return is required to state his or her taxpayer identification number on such return. Generally, a taxpayer identification number is the individual's Social Security number ("SSN").³ However, in the case of individuals who are not eligible to be issued an SSN, but who still have a tax filing obligation, the IRS issues IRS individual taxpayer identification numbers ("ITIN") for use in connection with the individual's tax filing requirements.⁴ An individual who is eligible to receive an SSN may not obtain an ITIN for purposes of his or her tax filing obligations.⁵ An ITIN does not provide eligibility to work in the United States or claim Social Security benefits.

No child tax credit is allowed to any taxpayer with respect to any qualifying child unless the taxpayer includes the name and the taxpayer identification number of the qualifying child on the return of tax for the taxable year. For these purposes, a taxpayer identification number may be either an SSN, an ITIN, or an IRS adoption taxpayer identification number ("ATIN").

Description of Proposal

The proposal adds a requirement for a taxpayer to report an SSN (or in the case of a joint return, the SSN of at least one spouse) on the tax return in order to claim the additional child tax credit. Thus, under the proposal, a taxpayer whose taxpayer identification number is an ITIN (in the case of married taxpayers, where both taxpayers' identification numbers are ITINs) cannot claim the refundable child tax credit.

² Sec. 24. Unless otherwise specified, all section references are made to the Internal Revenue Code of 1986, as amended.

³ Sec. 6109(a).

⁴ Treas. Reg. Sec. 301.6109-1(d)(3)(i).

⁵ Treas. Reg. Sec. 301.6109-1(d)(3)(ii).

Effective Date

The proposal is effective for taxable years beginning after December 31, 2015.

B. Estimated Revenue Effect of the Proposal

The proposal is estimated to have the following effect on Federal fiscal year budget receipts for the period 2016-2026:

Fiscal Years													
[Billions of Dollars]													
<u>Item</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2016-20</u>	<u>2016-26</u>
Require SSN of either taxpayer for refundable child credit [1].	---	2.5	2.3	2.1	2.0	2.0	1.9	1.8	1.8	1.7	1.7	10.9	19.9

NOTE: Details may not add to totals due to rounding.

[1] Estimate contains the following outlay effects:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2016-20</u>	<u>2016-26</u>
Require SSN of either taxpayer for refundable child credit.....	---	-2.5	-2.3	-2.1	-2.0	-2.0	-1.9	-1.8	-1.8	-1.7	-1.7	-10.9	-19.9