



NEWS / POLITICS / GOVERNMENT

See also: [illegal aliens](#), [irs](#), [tax credits](#), [illegal immigration](#), [child tax credits](#), [undocumented immigrants](#)

Illegal aliens get billions in tax credits from IRS for relatives back in Mexico

May 5, 2012

7:20 PM MST

According to an NBC affiliate in Indianapolis, [illegal aliens](#) are getting billions of U.S. tax dollars in refundable [tax credits](#) for nieces, nephews, and other relatives back in Mexico, because the [IRS](#) has allowed illegal aliens to claim such credits on their tax returns, for people they list as "dependents." (Nearly three quarters of tax returns filed by illegal aliens received such tax credits). For example, an illegal alien with \$14,000 in income not only paid no taxes, but received a refund of \$10,000. In another case, illegal aliens used a phony address to claim 20 relatives as dependents and get thousands in refunds.

The I.R.S. has paid out billions in refunds to illegal aliens due to this refundable "additional child tax credit," which gives eligible families \$1000 per child, ignoring warnings about these abuses from the agency's own inspector general.

The I.R.S. web site suggests that illegal aliens can claim Mexican relatives as dependents for purpose of the tax code's personal exemption (an invitation to fraud, since Mexican children, unlike American children, do not have social security numbers or other federal records of their existence), but not for purposes of the \$1,000 per child tax credit that can be refunded to people who pay little or no income taxes to begin with.

But in practice, illegal aliens are getting both, including the more valuable tax credit they are not legally eligible for. The IRS apparently rubberstamps claims for the tax credit by illegal aliens who list sometimes non-existent Mexican relatives as dependents.

Many members of the GOP-controlled House of Representatives, like Dan Burton (R-Ind.), are outraged by these abuses. But the Obama Administration has resisted doing anything about the abuses, and Senate Majority Leader Harry Reid (D-Nev.) is likely to block any attempt to curb these abuses in the Senate.

Investigative reporter Bob Segall of WTHR Channel 13, the NBC affiliate in Indianapolis, was contacted by a veteran Indiana tax preparer, who blew the whistle on a multi-billion dollar tax fraud

the IRS has done nothing about. As [Segall reported](#), the whistleblower reported rampant fraud to the I.R.S., which did even respond, much less investigate. "There is not a doubt in my mind there's huge fraud taking place here," said the whistleblower. "We're talking about a multi-billion dollar fraud scheme here that's taking place and no one is talking about it," he said. The whistleblower noticed dozens of undocumented workers had used phony documents and false income to claim tax credits. He reported all of it to the IRS. "These were fraudulent, 100% fraudulent tax returns, but I got no response; absolutely none. We never heard a thing," he said. "To me, it's clear the IRS is letting this happen."

As Political Buzz Examiner [Jeffrey Klein noted](#),

“ The scheme involves illegal immigrants that are filing tax returns, claiming child credits for multiple dependents . . . and collecting enormous cash refunds--such as one person's return that showed income of over \$14,000, who collected a cash refund of over \$10,300. In 1996 . . . the Individual Tax Identification Number (ITIN) was created in order for both resident and non-resident aliens, regardless of immigration status, to fulfill their tax filing and payment obligations under IRS regulations...This year tax preparation offices across the country were flooded by an estimated 2 million illegal immigrants, who in growing numbers have been taking advantage of . . . the Additional Child Tax Credit--a fully-refundable credit of up to \$1000 per child. . .Segall's investigation and reporting found many illegal immigrants who were claiming these tax credits, but

for kids who live in Mexico—even listing nieces and nephews.

As the [NBC story noted](#), illegal aliens are claiming ridiculously large numbers of Mexican dependents and getting away with it, as the IRS continues to ignore warnings from the Treasury Department's own Inspector General for Tax Administration:

“ "We've seen sometimes 10 or 12 dependents, most times nieces and nephews, on these tax forms," the whistleblower told Eyewitness News. . . tax filers had received large tax refunds after claiming [child tax credits](#) for many dependents. "Here's a return right here: we've got a \$10,3000 refund for nine nieces and nephews," he said. . . "We're getting an \$11,000 refund on this tax return. There's seven nieces and nephews," he said, pointing to another set of documents. . . "It's just so easy it's ridiculous." . . One of the workers . . . admitted that four other illegal immigrants used his address to file tax returns--even though they don't even live there. These four workers claimed that not only they, but a total of 20 children between them--about 30 people--lived in the residence.

As a result, the IRS sent the illegal

immigrants tax refunds totaling \$29,608. .
.Russell George, the U.S. Treasury Department's Inspector General for Tax Administration, who stated ... "The magnitude of the problem has grown exponentially," but that the IRS has known about the problem for years. Mr. George said his department has repeatedly warned the IRS that additional child tax credits are being abused by undocumented workers--in 2009 alone, their annual audit report showed that ITIN tax filers received about \$1 billion in additional child tax credits. The same audit report from 2010 showed it cost the American tax payers more than \$4.2 billion.

"Keep in mind, we're talking \$4 billion per year." George continued by saying "It's very troubling" that the IRS has not taken any action on the matter--despite these multiple warnings from their own inspector general. . .illegal immigrants filed 3.02 million tax returns in 2010, with 72% of those returns (2.18 million) claiming the additional child tax credit. . . .

George . . . believes the IRS should be doing more to prevent undocumented workers from getting billions in US tax dollars."The IRS is not doing something as

simple as requesting sufficient documentation from people seeking this credit," he said.



Hans Bader
DC SCOTUS Examiner

© 2006-2014 AXS Digital Group LLC d/b/a Examiner.com