

In an attempt to partially offset the budget impact of the payroll tax holiday, the House of Representatives passed a proposal to restrict eligibility for the Child Tax Credit. Created with bipartisan support, the Child Tax Credit was designed to help working parents manage the costs of raising children and make it easier for them to meet their family's basic needs.

The House proposal denies working parents who file and pay federal income taxes using an Individual Taxpayer Identification Number (ITIN), instead of a Social Security Number, the ability to claim the credit for their children. The greatest impact would be felt by immigrant-headed families, many of whom utilize ITINs to file their taxes. Ultimately, this change could raise taxes on the families of more than 5.5 million children, including 4.5 million of whom are U.S. citizens.

Targeting Children

- Any restriction of the Child Tax Credit harms children – the very population the credit is designed to support;
- Children of immigrants (4/5 of whom are U.S. citizens), who comprise about 25% of our nation's child population and 30% of all low-income children, will bear the brunt of the proposed eligibility restrictions;
- Over 80% of families affected by the House-passed proposal are Latino.

Driving Child Poverty Even Higher

- Child poverty is at a 20-year high, with Latino children comprising 40% of all children in poverty;
- The Child Tax Credit is a proven anti-poverty tool, as it kept 1.3 million children out of poverty in 2009 alone;
- Deliberately restricting immigrant families' access to the Child Tax Credit will drive child poverty rates even higher.

Raising Taxes on Families Who Can Least Afford It

- Affected families are currently raising their families on an average of only \$21,000 per year;
- Denying the Child Tax Credit takes an average of \$1,800 out of the pockets of families who already live at or below the poverty line;
- The Child Tax Credit is of immense value to low-income families – who, of families at all income levels, spend the highest percentage of their income *directly* on their children's needs.

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