

**DESCRIPTION OF THE BUDGET RECONCILIATION
LEGISLATIVE RECOMMENDATIONS RELATING
TO SOCIAL SECURITY NUMBER REQUIREMENTS
FOR THE REFUNDABLE PORTION
OF THE CHILD TAX CREDIT**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on April 18, 2012

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



April 17, 2012
JCX-35-12

CONTENTS

	<u>Page</u>
INTRODUCTION	1
A. Social Security Number Required to Claim the Refundable Portion of the Child Tax Credit.....	2
B. Revenue Effect of the Proposal.....	3

INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup of Budget Reconciliation Legislative Recommendations Relating to Social Security Number Requirements for the Refundable Portion of the Child Tax Credit on April 18, 2012. 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 the Budget Reconciliation Legislative Recommendations Relating to Social Security Number Requirements for the Refundable Portion of the Child Tax Credit* (JCX-35-12), April 17, 2012. This document can also be found on our 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. The maximum amount of the credit per child is \$1,000 through 2012 and \$500 thereafter. A child who is not a citizen, national, or resident of the United States cannot be a qualifying child.

For taxable years beginning in 2012, the child tax credit is allowable against the both regular tax and the alternative minimum tax. For taxable years beginning after 2012, the credit is allowable only to the extent the regular tax exceeds the tentative minimum tax.

To the extent that the child tax credit is not allowed to offset the taxpayer's tax liability, the taxpayer may be eligible for an additional credit which is refundable. For taxable years beginning in 2012, the additional credit is in 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. For taxable years beginning after 2012, the additional credit applies only in the case of a family with three or more children in the amount described in (2) above.

No 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 individual filers, a taxpayer identification number may be either a Social Security number ("SSN"), an IRS individual taxpayer identification number ("ITIN"), or an IRS adoption taxpayer identification number ("ATIN").

Description of Proposal

The proposal adds a requirement that the additional child tax credit is allowable only if the tax return includes the taxpayer's SSN (or in the case of a joint return, the SSN of either spouse).

The rule does not apply to the extent the taxpayer's tentative minimum tax exceeds his or her earned income credit for the taxable year. Thus, under the proposal, a taxpayer can offset income tax liability with an additional child tax credit.

Effective Date

The proposal is effective for taxable years beginning after the date of enactment.

B. Revenue Effect of the Proposal

The following presents the estimated Federal fiscal year budget effects of the proposal.

Fiscal Years [Billions of Dollars]												
<u>Item</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2013-17</u>	<u>2013-22</u>
Social Security Number Required to Claim the Refundable Portion of the Child Tax Credit [1].....	---	1.0	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.7	3.7	7.6

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

[1] Estimate includes the following outlay effects:

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2013-17</u>	<u>2013-22</u>
---	-1.0	-1.0	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8	-0.7	-3.7	-7.6