



Think unauthorized immigrants don't pay taxes? Here are four ways they do

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January 1, 2020

Unauthorized immigrants don't pay taxes.

It's one of the most common but inaccurate talking points in the ongoing immigration debate.

While some unauthorized immigrants may be paid in cash and avoid federal taxes altogether, some tax experts say it's almost impossible to imagine anyone in Texas avoiding state taxes if they rent homes, pay for gasoline and generally buy things.

Because Texas doesn't have a state income tax, the state has higher sales and property taxes and taxes more products and services than other states, said John Kennedy, senior policy analyst at the Texas Taxpayers and Research Association, a nonprofit that studies the impact of tax policies on Texans.

Kennedy said that means there's "no way" unauthorized immigrants living in Texas are able to avoid paying the same taxes most Texans do.

A 2016 analysis from the Waco-based Perryman Group found that the unauthorized immigrant workforce in Texas contributes about \$32.2 billion annually in taxes.

Here's how those taxes are paid or collected:

SALES TAX

Kennedy said that in Texas, the sales tax is the tax of the state. In fiscal year 2018, the sales tax made up 57% of the state's total tax collections, according to the Texas Comptroller's State Annual Cash Report.

And because the Lone Star State doesn't have an income tax, that means the state has higher sales, property and services taxes than many other states.

Anytime unauthorized immigrants fill up their gas tanks, buy groceries or subscribe to a cable TV package, they're paying taxes to the state.

"You pay them," Kennedy said. "There's no way to avoid them."

PROPERTY TAX

The Texas Legislature may have put a cap on how fast property tax rates can rise across the state, but homeowners know there's no escaping property taxes.

The same goes to renters, Kennedy said, because landlords factor in those costs to the rent they charge their tenants every month.

Sandy Rollins, executive director of the Texas Tenants Union, a nonprofit that works to settle disputes between landlords and renters, said that there's really nothing in Texas law preventing landlords from passing property tax costs to the renter.

That means immigrants who rent houses and apartments are still paying them even if they're not directly writing a check or money order to the county tax office.

"It's not the landlord's gift to the tenant to pay the property tax bill. Landlords are in their business to make money and most costs are passed on to the renters," Rollins said.

SOCIAL SECURITY, PAYROLL DEDUCTIONS

Since March, the Social Security Administration has notified 570,000 employers around the country that they have workers on their payroll whose Social Security numbers don't match a number on their records.

It's a new strategy by the Trump administration to crack down on employers hiring unauthorized workers, The New York Times reports.

But even a fake Social Security number is good for paying taxes because employers are required to withhold Social Security and other payroll taxes from an employee's check regardless of whether the number is valid or not, said Kim Reuben, director of the Tax Policy Institute's State and Local Finance Initiative.

The Social Security Administration found in a 2013 analysis that unauthorized immigrants paid about \$13 billion into the program's trust fund through withheld payroll taxes in 2010.

Unauthorized immigrants "pay into the system and they'll likely never see any of the benefits," Reuben said.

INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER

Unauthorized immigrants are also eligible to file taxes using what's called an ITIN number.

These numbers allow individuals who are not eligible for a Social Security number to pay taxes they are required to pay to the federal government.

The Internal Revenue Service estimated that in 2015, about 4.4 million people paid their taxes using ITIN numbers.

And while those figures are not exclusively attributed to unauthorized immigrants, using ITIN numbers to pay taxes is one of the most popular ways for them to do so, said Alex Nowrasteh, director of immigration studies at the libertarian Cato Institute.

"This is a nice workaround for everybody and especially for unauthorized immigrants who want to keep their noses clean and attract as little attention as possible," Nowrasteh said.

Nowrasteh said that upward of 75% of unauthorized immigrants file taxes with the federal government. He added that the existence of ITIN numbers is a sign of the government's desire to collect taxes regardless of status.

"It's an indication of how broken a lot of the immigration system is, but it is a workaround that is probably the least bad option when compared to the other options, which are identity theft and borrowing someone else's Social Security number," Nowrasteh said.