



★ ★ COMMITTEE ON ★ ★  
**WAYS AND MEANS**  
CHAIRMAN KEVIN BRADY

## Overview of the Program Integrity Provisions Included in: *The “Protecting Americans from Tax Hikes Act”*

- The tax extenders bill includes a dozen new “program integrity” provisions affecting refundable tax credits. These program integrity provisions are projected to save roughly \$7 billion over ten years by reducing fraud, abuse, and improper payments in refundable credit programs.
- While these provisions are significant, they are only a small down payment on Republican efforts to make government tax credit programs more accountable. In the new year, Congress will take more action to ensure that people receive the correct tax credits and are not able to take advantage of the current broken tax system.
- The policies in the bill include modified versions of several bills introduced this year by members of the Ways and Means Committee, including:
  - **Limit Claims by Social Security Number (SSN) and Individual Taxpayer Identification Number (ITIN) Recipients:** Prevents retroactive claims of the earned income tax credit (EITC), the child tax credit (CTC), and the American opportunity tax credit (AOTC) after issuance of new SSNs or ITINs. *Drawn from Mr. Johnson’s No Amnesty Tax Refunds for Illegals Act (H.R. 1298).*
  - **ITIN Reforms:** Requires that individuals with ITINs issued before 2013 (when the ITIN application process was reformed) must renew their ITINs on a staggered schedule by the end of 2019; requires ITINs issued in 2013 and later to be renewed if they are not used for three years; and directs Treasury to study an in-person only application process for ITINs, with a goal of implementing such a system by 2020. *Drawn from Mr. Johnson’s ITIN Reform Act of 2015 (H.R. 2478).*
  - **W-2 Reporting and Verification Reforms:** Provides the IRS with information on employee wages faster and allows additional time for tax authorities to verify that W-2 information matches credit eligibility, while also improving the IRS’ ability to stop identity thieves. *Drawn from Mr. Renacci’s Stolen Identity Refund Fraud Prevention Act of 2015 (H.R. 3832).*
  - **Disallowance of Credits to Fraudsters:** Prevents taxpayers who improperly claimed credits from claiming those credits in the future. *Drawn from Mr. Johnson’s Refundable Child Tax Credit Eligibility Verification Reform Act of 2015 (H.R. 2334).*
  - **Cracking Down on Fraudulent Paid Tax Preparers:** Expands paid tax preparer due diligence requirements to cover the CTC and AOTC in addition to the EITC, and increases the penalty on preparers who fail to meet these requirements to verify eligibility for these credits. *Drawn from Mr. Young’s H.R. 3430.*
  - **Additional Reporting Verification Reforms:** Requires taxpayers claiming the AOTC to report the employer identification number (EIN) of institutions to which qualified payments are made, and expands paid preparer penalties to cover the AOTC. *Drawn from Ms. Black’s H.R. 2973.*