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# Taxing Problem for an Immigration Plan

By [COREY BOLES](#)

Senators who want to offer legal status to the nation's 11 million illegal immigrants often say that the process won't be speedy or easy. Among other things, illegal immigrants would first have to pay all back taxes they owe.

In an interview with WSJ's David Wessel, Rep. Chris Van Hollen (D., Md) says an immigration reform bill is likely headed to the House floor, but whether it passes is another matter.

"Get in the back of the line, pay taxes, learn the English language," Sen. Lindsey Graham (R., S.C.), co-author of the bipartisan Senate immigration bill, has said. People applying for legal status would have to pay fines, "pay taxes and learn English," says another co-author, Sen. [Marco Rubio](#) (R., Fla.).

Requiring people to pay all back taxes is one way to answer critics who say that legalization would be a form of amnesty for those who broke U.S. law by entering the country illegally.

But opponents of the bill see a problem: There is no sure way to determine who owes how much in back taxes.

Critics of the immigration bill say officials will have to rely on the honesty of illegal immigrants, who may have no paperwork to show from their work history. To them, that means many could be awarded legal status without paying taxes they owe. Legal residents, meanwhile, are required to pay taxes on all their income.

Two Republican lawmakers on the Senate Judiciary Committee this week filed amendments to the immigration bill that aim to toughen the back-tax provision. It is unclear whether either amendment—one from Sen. Orrin Hatch of Utah, and one from Sen. Mike Lee, also of Utah—will get a vote by the panel.

The Senate immigration bill essentially hands responsibility for the issue to the Internal Revenue Service, but it doesn't provide the agency specific instructions on how to collect taxes from people who have been working with false Social Security numbers or in the black-market economy. Nor does it say that the IRS, already struggling with its increased mandate stemming from the 2010 Affordable Care Act, will get any more resources to deal with millions of new taxpayers.

Immigration and tax-policy experts say the agency is unlikely to make collection of taxes from illegal immigrants a high priority.

"If this does come to pass, it's unlikely the IRS will have a lot of resources to devote to this," said William McBride, chief economist at the Tax Foundation, a business-backed think tank focusing on tax policy. "It's unworkable. The IRS is likely not to have any real ability to do this."

A spokesman for the IRS declined to comment.

Many illegal immigrants are paid in cash under the table. They are unlikely to have paid taxes on that income or to have proof of past earnings. Others have worked under someone else's Social Security number, suggesting that payroll taxes were withheld but not necessarily income taxes.

Amendments from Messrs. Lee and Hatch would shift responsibility from the IRS to the illegal immigrant for proving how much is owed in federal income taxes.

Neither one takes additional steps to help officials verify what each person's tax liability would be. A spokesman for Mr. Lee said the purpose of the amendment was to illustrate how difficult it would be to design a system to accurately determine how much is owed by illegal immigrants.

Mr. Hatch's amendment, among other things, would direct the IRS to share tax-payment information with state and local governments, so they could pursue individuals for taxes owed.

Two aides to lawmakers who wrote the Senate legislation, one working for a Democratic senator and the other a Republican, said collection of back taxes wasn't a top priority for authors of the bill. The more important goal was to move illegal workers out of the cash economy or stop them from using false documents, so that they pay their proper taxes in the future.

A sponsor of the legislation, Sen. Michael Bennet, Democrat of Colorado, said the eight senators who crafted the bill believe the current tax provision in it is robust.

One immigration expert said that, ultimately, the IRS would rely on the same thing as it does with other taxpayers: honesty.

"In the population that's about to legalize, we'll have to rely heavily on the honor of the people," said Muzaffar Chishti, a director at the Migration Policy Institute, a think tank that backs an overhaul of immigration law. "For people in the informal economy, it would be very difficult to assess how much is owed in back taxes."

But an opponent of the immigration bill, Sen. Jeff Sessions (R., Ala.), said the bill needs to have more teeth to ensure people seeking to become legal residents pay the taxes they owe to the federal government.

"It's not right for someone to come into the country illegally, owe a bunch of taxes and get amnesty for that, as well as being allowed to stay in the country legally," Mr. Sessions said.

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