IRS Paid Out $213 Million in Tax Credits to Noncitizens Who Weren’t Allowed to Work

The IRS paid out $213 million in Earned Income Tax Credits to roughly 67,000 tax filers using nonwork Social Security numbers, money the agency’s own inspector general says should never have gone out the door.

The findings, reported by The Washington Times, cover tax years 2023 and 2024. Nonwork Social Security numbers are issued to foreign nationals, including international students, who need the numbers to access government services or benefits but are legally barred from holding jobs in the United States. The EITC is a refundable tax credit specifically designed for the working poor.

The IRS processed nearly all of those claims without flagging them. Of the $219 million claimed by nonwork number holders, only about $6 million was blocked.

“The IRS doesn’t have a systematic way of weeding them out,” the Treasury Inspector General for Tax Administration said in its report.

More than 2 million nonwork Social Security numbers have been issued to migrants. The inspector general said the Social Security Administration tracks why each number was issued and could share that data with the IRS, but the two agencies haven’t coordinated. The Department of Homeland Security also holds status update information when nonwork number holders later become citizens or gain work authorization, but DHS doesn’t routinely share those updates either.

The problem isn’t new. Inspectors first flagged the issue in 2017 and urged the IRS and SSA to work together on a solution. Nine years later, the IRS says it explored the matter but could not find an answer.

Kenneth Corbin, chief of the IRS Taxpayer Services Division, acknowledged the gap in a response to the report. “Having timely, updated, reliable eligibility information would enable immediate eligibility determinations and would avoid costly, resource-intensive, post-filing determinations,” he said.

The EITC problems extend well beyond noncitizen filings. The IRS reported that a third of all EITC claims paid in 2025 were erroneous, totaling $21.1 billion. Some of those errors are unintentional, the agency said, but an unspecified portion is outright fraud.

The inspector general recommended the IRS use its existing “math error authority” to automatically reject claims from nonwork number holders when SSA data is available. The agency said it supports the goal but did not commit to a timeline.

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