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EITC Certificates: How a Certification Mandate Would Function like a Universal Audit

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Summary

- The House-passed reconciliation bill calls for the creation of a new EITC certification program where parents must submit supporting documentation to prove they can rightfully claim their children to receive the EITC, the same procedure that audited EITC claims go through.
- To receive a certificate, parents will likely be subject to strict documentation requirements to show the child they are claiming lived with them for over half the year. Non-biological parents will likely need to prove their familial relationship with the child in question via birth certificates.
- If all EITC recipients claiming children must comply with audit procedures to receive a certificate, they will effectively be audited over 200 times the rate of other taxpayers.
- The certification requirement will impact a large swath of taxpayers: one in three children are claimed for the EITC, and over one in ten tax returns claim children for the EITC.
- The stated rationale for the compliance program is the number of duplicate EITC claims for the same child. Duplicate claims comprise just 1 percent of the total number of children claimed for the EITC, and duplicate claims have been falling rapidly over time due to the growing prevalence of e-filing, which helps streamline IRS compliance efforts.

The House-passed “One Big Beautiful Bill Act” (OBBB) would force families to secure a certificate before claiming children for the Earned Income Tax Credit (EITC). The certification requirement functions like a pre-tax filing audit, requiring families to submit documentation to prove they are allowed to claim their children. As with many comparable paperwork requirements for government assistance, such a request is highly likely to limit participation for eligible families rather than simply curb fraud. Of the 24 million taxpayers that claimed the EITC in 2022, 17 million claimed children and would be subject to the new certification requirement in OBBB.

The EITC is the most important part of the tax code for low-income working families with children. Families with earnings below $50,000 are eligible, and the average benefit is almost $4,000. One out of every three children in the US is claimed for the EITC every year.[2] The credit reduces the overall poverty rate by 9 percent, and 19 percent among children.[3]

Currently, families claim the EITC as part of the normal tax filing process. While the rules are complicated (they span over 20 pages), they do not require providing much additional information beyond children's Social Security Numbers.[4]

OBBB's new requirements would represent a drastic increase in what is required for families to receive the credit.[5] Before filing a return under the new bill, taxpayers would have to apply for a certificate to prove they are allowed to claim the children listed on their return for the EITC. If families file a return without receiving a certificate by the tax filing due date, the legislation forbids the IRS from sending claimants the portion of the EITC they receive as a refund.[6] Refunds constitute 99 percent of the value of the credit for families with children, so the certification requirement de facto requires a certificate to receive the EITC.[7] These requirements become effective for tax year 2028, which means families will need to start applying for certificates when they file returns in early 2029.

To receive a certificate, taxpayers will have to "provide such information and supporting documentation as the Secretary shall by regulation prescribe as necessary to establish such child as a qualifying child only of

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[2] This statistic adjusts for the fact that roughly 3 million families claim adult children who are full-time college students or disabled. The schedule of EITC benefits by income level and family composition is shown in the appendix. Ackerman, Deena, and Michael Cooper. *Benefits to Families and Individuals from the Major Family and Education Tax Provisions under Current Law for Taxable Year 2025*. Office of Tax Analysis, US Department of the Treasury, May 10, 2024. https://home.treasury.gov/system/files/131/Benefits-to-Families-from-Major-Family-and-Education-Tax-Provisions-Current-Law-2025-05102024.pdf
[3] Author's calculation using 2024 Current Population Survey and supplemental poverty measure that accounts for safety net benefits like the EITC.
[4] Internal Revenue Service. *Publication 596: Earned Income Credit (EIC)*. Cat. No. 15173A. For use in preparing 2024 returns. Washington, D.C.: Department of the Treasury, 2024. https://www.irs.gov/pub/irs-pdf/p596.pdf
[5] There are no changes for the small number of people (less than 3 million returns with an average benefit of less than $400) who claim the EITC without dependents.
[6] Specifically, submitting a return without a certificate would be treated as a math error under the legislation, which allows the IRS to withhold a refund. The math error could be rebutted, but only by providing the same information as a certificate requires.
[7] Internal Revenue Service. Table 2.5. Returns with Earned Income Credit, by Size of Adjusted Gross Income and Number of Qualifying Children, Tax Year 2022 (Filing Year 2023). Statistics of Income. US Department of the Treasury. https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-publication-1304-complete-report

the taxpayer for the taxable year.”[8] What is required to prove a given child is a qualifying child only of the taxpayer for purposes of the EITC? While the language offers some discretion to the Treasury Secretary, this requirement is analogous to what is required for audited EITC claims, which are notoriously burdensome on claimants. Proving a child is eligible for the EITC is inherently difficult because qualifying child rules rely on information that is challenging to document.

To establish a child qualifies for the EITC, taxpayers must demonstrate they have a close familial relationship and that they lived with the claimed child for at least six months. Taxpayers claiming older children must additionally document whether the child is a full-time college student or is “permanently and totally disabled.”

Just as in the audit process, under the proposed certification procedure non-biological parents will likely need to send in copies of birth certificates to prove a child claimed has a valid close familial relationship.[9] (The IRS already has information on biological parents listed on birth certificates from the Social Security Administration.) For instance, when EITC claims are audited, a grandmother claiming her son’s child would have to produce proof that the child she claimed was her grandchild by furnishing birth certificates for both her adult child and her grandchild.[10] An aunt would need three birth certificates: the certificate of the child she is claiming, the child’s parent’s birth certificate (her brother or sister), and her own birth certificate showing she shares a parent with her sibling.

2. Each child that you claim must be related to you in one of the ways listed below. If the child is	**Then, send in copies of:**
Your niece or nephew	One or more birth certificates or other legal documents proving how you are related. For example, the child’s birth certificate, showing your brother as the father, your brother’s birth certificate showing your mother’s name and your birth certificate showing your mother’s name. **If the names aren’t on the birth certificates, you need another type of document such as a court decree or paternity test.**

Part of IRS Form 886-H-EIC for audited EITC claims

Needless to say, it can be difficult and time-consuming to obtain all these birth certificates. Getting copies on average costs $50, and often takes

[8] US House of Representatives, Committee on Rules. Rules Committee Print 119–3: Showing the Text of H.R. ___, as Ordered Reported by the Committee on the Budget, with Modifications. 119th Cong., 1st sess. (2025). https://rules.house.gov/sites/evo-subsites/rules.house.gov/files/documents/rcp_119-3_final.pdf
[9] Internal Revenue Service. Form 886-H-EIC: Documents You Need to Send to Claim the Earned Income Credit on the Basis of a Qualifying Child or Children for Tax Year 2022. Department of the Treasury, October 2022. https://www.irs.gov/pub/irs-pdf/f886he.pdf
[10] The alternative to a birth certificate is a paternity report or a document from a court or government agency.

months to receive.[11] Just among the four most populous states, two do not allow relatives to request the birth certificates needed to document their family relationship. In these states (New York and Florida) people are only allowed to request birth certificates for their own birth, or if they are a parent or legal guardian of the child's birth certificate they are requesting. This would stop aunts and uncles from documenting their relationship with their sibling without their sibling requesting the birth certificate on their behalf, or grandparents documenting their relationship with their grandchildren without their children. Furthermore, one-third of children not being raised by their parents are not under formal legal custody, and thus their non-biological parent would not be able to request the birth certificate of the child they are claiming without cooperation from others.[12]

While most children live with two married parents and no one else, non-traditional households are far more common for lower-income families eligible for the EITC. One in four EITC-eligible children could be claimed by someone besides a biological parent, where they would likely need to prove their relationship to the child claimed via birth certificates.[13]

The second requirement to prove a child qualifies for the EITC is the residency requirement. The IRS has no information about whom children live with—all EITC claimants, including those claiming their biological children, will likely need to provide this information to receive a certificate. Since many people do not have official records on hand that prove their child lived with them, the IRS suggests having a school, medical provider, or other institution write a letter substantiating the claimant lived with the child when EITC claimants are audited. This letter should state that, according to the institution's records: 1) the person claiming the child for the EITC was their parent or guardian; 2) the child lived at a certain address; 3) the parent or guardian lived at the same address as the

[11] Movement Advancement Project. *The ID Divide: How Barriers to ID Impact Different Communities and Affect Us All*. November 2022. https://www.mapresearch.org/file/MAP-Identity-Documents-report-2022.pdf This fee statistic comes from official sources. New York City's vital records page warns of 'unauthorized vendors charging customers high fees for help getting a birth certificate."

[12] Radel, Laura, Matthew Bramlett, Kirby Chow, and Annette Waters. *Children Living Apart from Their Parents: Highlights from the National Survey of Children in Nonparental Care.* Washington, DC: US Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, May 2016. https://www.aspe.hhs.gov/sites/default/files/migrated_legacy_files/146232/NSCNC.pdf

[13] Approximately six percent of EITC children live with no parent in the household. Another 18 percent of EITC children live with adult relatives in addition to parents, where these other relatives could claim the EITC. Michelmore, Katherine M., and Natasha V. Pilkauskas. "The Earned Income Tax Credit, Family Complexity, and Children's Living Arrangements." RSF: The Russell Sage Foundation Journal of the Social Sciences 8, no. 5 (August 2022): 143–165. https://doi.org/10.7758/RSF.2022.8.5.07

child; and 4) both the parent and child lived at the same address for more than half the year.[14]

These specific requirements are important—the majority of audited EITC claimants who send in requested documentation report being asked for additional documentation, likely because what they sent was not sufficient.[15] Submitted school records and medical records are commonly reported as not accepted by the IRS (48 percent of the time and 29 percent of the time, respectively).

The current tax return process is time-consuming and difficult. The latest available data from the Census and the IRS show that among people eligible for the EITC, 22 percent did not receive benefits, and 19 percent of the total value of the benefit went unclaimed.[16] Adding another especially burdensome step will prevent even more eligible individuals from receiving benefits.

EITC recipients are already audited at five times the rate of other taxpayers; if all EITC recipients claiming children must comply with audit procedures, they will effectively be audited over 200 times the rate of other taxpayers.[17] The child part of the EITC is so common that over one in ten of all individual tax returns will need to get a certificate under this new requirement. The appendix provides data on the prevalence of EITC claims in all 50 states.

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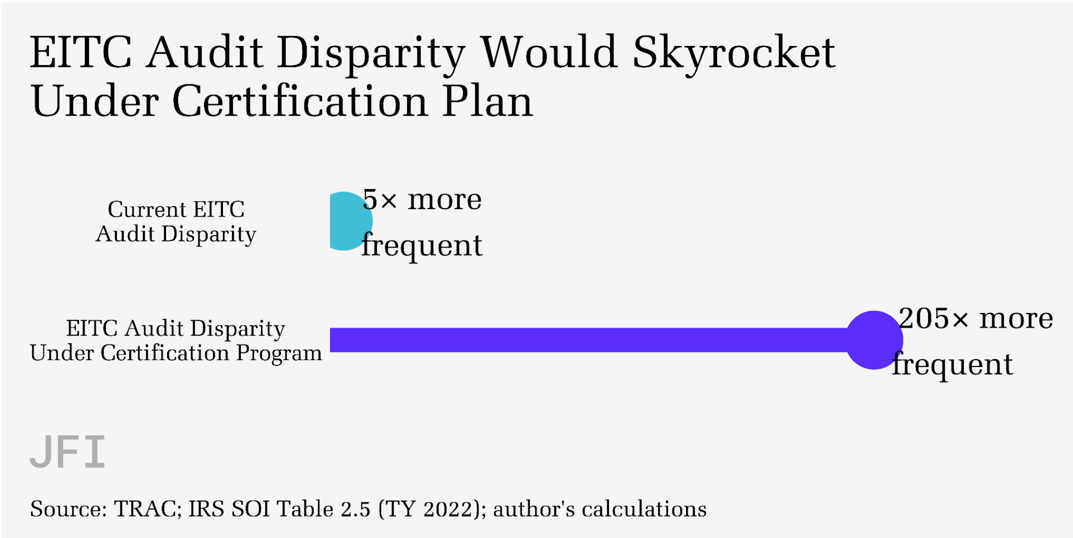
[14] IRS. Sample Template for Use by Schools. *Internal Revenue Service*. Accessed June 2, 2025. https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/school-template

[15] National Taxpayer Advocate. *The IRS EIC Audit Process — A Challenge for Taxpayers*. Washington, DC: Internal Revenue Service, 2007. https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/11/eitc_audits_challenge_tps_ra_dec2007.pdf

[16] Coleman, Ciyata, Charles Hokayem, Sanghun (Eric) Kim, Ethan Krohn, Krishnan Patel, and Dean Plueger. *EITC Participation Results and IRS-Census Match Methodology, Tax Year 2021.* CES 24-75. US Census Bureau, Center for Economic Studies, December 2024. https://www2.census.gov/library/working-papers/2024/adrm/ces/CES-WP-24-75.pdf

[17] Transactional Records Access Clearinghouse (TRAC). “IRS Continues Targeting Poorest Families for More Tax Audits During FY 2022.” Syracuse University, March 29, 2022. https://tracreports.org/tracirs/latest/682/
Internal Revenue Service. Table 2.5. Returns with Earned Income Credit, by Size of Adjusted Gross Income and Number of Qualifying Children, Tax Year 2022 (Filing Year 2023). Statistics of Income. US Department of the Treasury. https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-publication-1304-complete-report



The compliance certificate process will not only burden taxpayers—it will also put new burdens on the IRS. When taxpayers are audited by the IRS for their EITC claim, 90 percent contact the IRS for assistance.[18] If the need for compliance certificates causes anywhere near the same increase in IRS contacts, it will likely cause an unprecedented stress on IRS phone lines at the same time as extra funds for the IRS are being rescinded.

Some commentators have drawn favorable comparisons between the proposed certification program and a program the IRS piloted 20 years ago.[19] While that pilot program was unduly burdensome on taxpayers and was rejected by the Bush administration as a poor use of resources, there is little basis for the comparison—the program envisioned by House-passed OBBB is likely to be far more burdensome.[20] First, the program the IRS tested only required extra compliance steps for a select sample of

[18] National Taxpayer Advocate. *The IRS EIC Audit Process — A Challenge for Taxpayers*. Washington, DC: Internal Revenue Service, 2007. https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/11/eitc_audits_challenge_tps_ra_dec2007.pdf
[19] McCabe, Joshua. “Family Provisions in the Ways and Means Tax Package.” *Niskanen Center*, May 19, 2025. https://www.niskanencenter.org/family-provisions-in-the-ways-and-means-tax-package/
[20] Leiserson, Greg. “The GOP Plan to Cut the EITC via Administrative Burdens.” Can We Still Govern?, May 19, 2025. https://donmoynihan.substack.com/p/the-gop-plan-to-cut-the-eitc-via

taxpayers determined to be high-risk for noncompliance with the EITC.[21] OBBB applies the requirement to all taxpayers claiming the EITC. Second, the program the IRS tested only required extra steps to demonstrate compliance with the residency requirement. OBBB calls for documenting all information needed to demonstrate a child is a qualifying child.

Republicans on the Ways and Means Committee's official rationale for the certificate program is to cut down on duplicate EITC claims, with a specific complaint about paying out 150,000 duplicate EITC claims in fiscal year 2023.[22] This suffers from a total lack of context. Almost 20 million families claim the EITC every year—150,000 duplicate claims comprise less than 1 percent of total claims.[23] Second, duplicate claims are rapidly declining, and have decreased nearly 80 percent over the last two decades.[24] Rooting out a declining problem with less than 1 percent of taxpayers is unjustified.[25]

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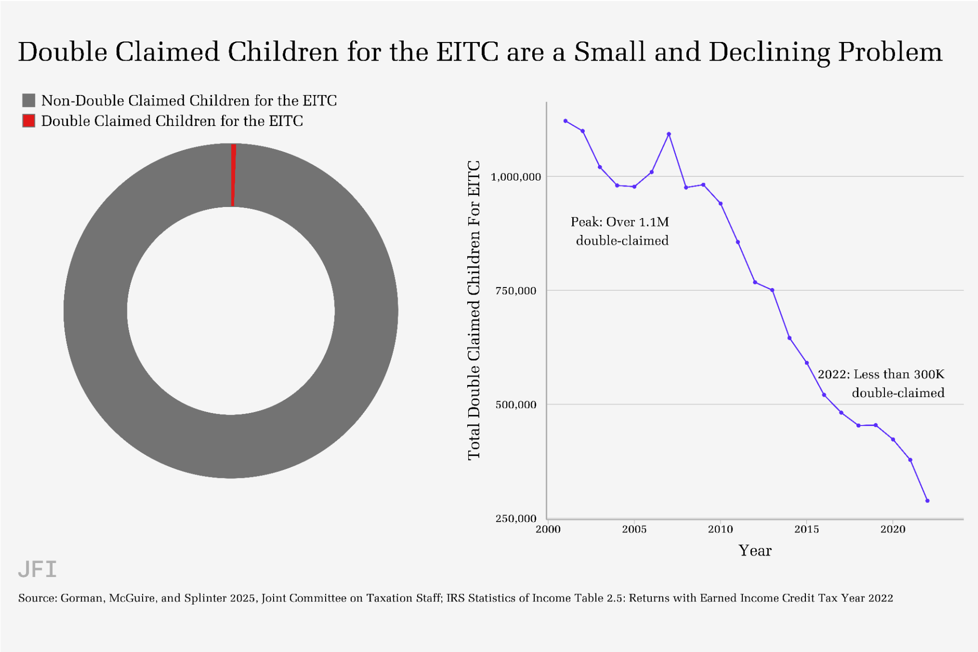
[21] Internal Revenue Service. *IRS Earned Income Tax Credit (EITC) Initiative: Final Report to Congress, October 2005*. Department of the Treasury, October 2005. https://web.archive.org/web/20080920030911/https://www.irs.gov/pub/irs-utl/irs_earned_income_tax_credit_initiative_final_report_to_congress_october_2005.pdf

[22] "The Committee believes there is excessive noncompliance with claims of the earned income tax credit, in particular with duplicate claims of qualifying children. In fiscal year 2023 alone, the IRS paid out 150,000 duplicative claims. The Committee believes establishing a certification program will ensure duplicate claims are denied, thereby ensuring the credit is paid only to taxpayers who fully comply with the credit requirements." US House of Representatives, Committee on the Budget. *One Big Beautiful Bill Act: Report of the Committee on the Budget, House of Representatives, to Accompany H.R. 1, Together with Minority Views*, 119th Cong., 1st sess., H. Rept. 119–106, Book 2 of 2 (2024), Pg. 1801. https://www.congress.gov/119/crpt/hrpt106/CRPT-119hrpt106-pt2.pdf

[23] Internal Revenue Service. Table 2.5. Returns with Earned Income Credit, by Size of Adjusted Gross Income and Number of Qualifying Children, Tax Year 2022 (Filing Year 2023). Statistics of Income. US Department of the Treasury. https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-publication-1304-complete-report

[24] Gorman, William, Jamie McGuire, and David Splinter. *Double-Claimed Dependents: A Declining Issue for U.S. Taxes*. February 5, 2025. https://davidsplinter.com/DoubleClaimedDeps.pdf

[25] Notably, the decline in duplicates EITC claims appears to be attributable to automatically rejecting e-filed tax returns of duplicates claims, a practice the IRS announced it was partially rolling back at the end of the Biden Administration. While the tradeoffs between automatically rejecting e-filed duplicate dependents on access to rightful claimants vs. improper claims is debatable, simply reinstating the normal automatic rejection process would be a far less burdensome way of stopping duplicate claims than the certificate process. Internal Revenue Service. "IRS Takes Steps to Help Prevent Refund Delays by Accepting Duplicate Dependent Returns with an IP PIN for 2025 Filing Season; Taxpayers Encouraged to Sign Up Soon for IP PIN, Online Account." IRS Newsroom, November 21, 2024. https://www.irs.gov/newsroom/irs-takes-steps-to-help-prevent-refund-delays-by-accepting-duplicate-dependent-returns-with-an-ip-pin-for-2025-filing-season-taxpayers-encouraged-to-sign-up-soon-for-ip-pin-online-account



While the EITC does have a high improper payment rate, it is not because of duplicate claims—the specific focus on duplicate claims betrays a lack of understanding of the problem. Republicans are rightfully interested in stopping children from receiving the EITC more than once because it appears to be clear-cut wasteful fraud: at the very least some families are getting an extra leg up by receiving the EITC twice; worse, it suggests some children may be victims of criminal identity theft. However, research has found improper claims are nothing like that. Of the small number of duplicate claims, almost all result from children being claimed just twice, while problems with systemic identity theft would result in the same children being claimed multiple times. Instead, the vast majority of technically incorrect claims (which are not duplicates) stem from a close relative not meeting the co-residency requirement or someone living with the child who is not a close relative, thus not technically eligible.[26] This is a strong indication that the money disbursed, even incorrectly, nevertheless reaches the child claimed. Moreover, incorrect claims still reach people who overwhelmingly have low incomes.[27] Any solutions to high improper

[26] Leibel, Kara, Emily Y. Lin, and Janet G. McCubbin. *Social welfare considerations of EITC qualifying child noncompliance*. US Department of the Treasury, Office of Tax Analysis, 2020.
[27] Jones, Maggie R., and James P. Ziliak. "The antipoverty impact of the EITC: New estimates from survey and administrative tax records." *National Tax Journal* 75, no. 3 (2022): 451-479.

payment rates should focus on simplifying complex rules to encourage compliance—not on making it harder to claim the credit.[28]

[28] Crandall-Hollick, Margot. *An Alternative to Extending the TCJA: A Proposal That Invests in Working Families*. Tax Policy Center, March 2025. https://taxpolicycenter.org/sites/default/files/2025-04/An-alternative-to-extending-the-TCJA.pdf
Taxpayer Advocate Service. *Restructure the Earned Income Tax Credit (EITC) to Make It Simpler for Taxpayers and Reduce Improper Payments*. In *National Taxpayer Advocate 2024 Purple Book: Miscellaneous Legislative Recommendations*, December 2024. https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2024/12/ARC24_PurpleBook_08_MiscRecs_51.pdf
Goldin, Jacob, and Ariel Jurow Kleiman. *Whose Child Is This? Improving Child-Claiming Rules in Safety-Net Programs*. Yale Law Journal 131 (2021): 1719. https://www.yalelawjournal.org/article/whose-child-is-this

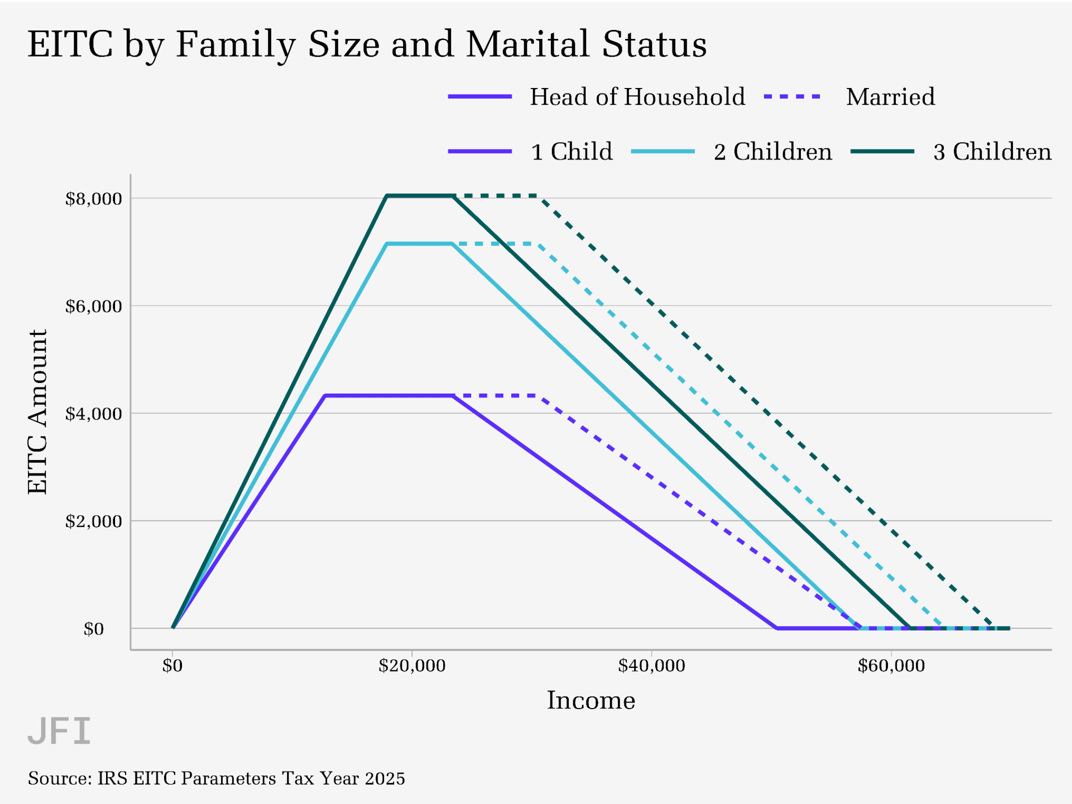
Appendix

Prevalence of Claiming Children for the EITC By State

State	Total Tax Returns	Total Returns Claiming Children for the EITC	Total Children Claimed for the EITC	Fraction of Total Returns Claiming Children For EITC
Alabama	2,149,560	345,250	573,460	16.1%
Alaska	348,250	27,370	49,360	7.9%
Arizona	3,373,850	387,940	670,450	11.5%
Arkansas	1,295,860	206,460	354,050	15.9%
California	18,487,690	1,714,700	2,852,270	9.3%
Colorado	2,972,380	199,710	338,910	6.7%
Connecticut	1,823,240	137,580	224,030	7.5%
Delaware	503,140	50,150	84,080	10.0%
Florida	11,130,320	1,386,850	2,229,290	12.5%
Georgia	4,932,040	759,370	1,277,330	15.4%
Hawaii	689,960	58,070	100,110	8.4%
Idaho	869,500	80,730	143,800	9.3%
Illinois	6,112,890	594,000	1,004,780	9.7%
Indiana	3,246,780	348,700	601,370	10.7%
Iowa	1,485,900	128,490	225,460	8.6%
Kansas	1,361,370	130,590	230,350	9.6%
Kentucky	1,975,890	261,840	446,950	13.3%
Louisiana	1,970,500	368,850	606,640	18.7%
Maine	710,860	53,060	86,880	7.5%
Maryland	3,095,140	268,640	444,590	8.7%
Massachusetts	3,567,790	222,780	361,850	6.2%
Michigan	4,871,390	495,060	854,820	10.2%
Minnesota	2,871,840	198,010	354,100	6.9%
Mississippi	1,245,240	266,330	438,170	21.4%
Missouri	2,880,050	320,570	554,370	11.1%
Montana	550,380	44,460	76,740	8.1%

Nebraska	940,690	83,210	148,960	8.8%
Nevada	1,553,270	176,080	293,820	11.3%
New Hampshire	731,910	37,930	60,830	5.2%
New Jersey	4,638,510	381,030	623,170	8.2%
New Mexico	987,790	133,460	225,860	13.5%
New York	9,767,160	966,520	1,596,090	9.9%
North Carolina	4,943,390	610,880	1,015,850	12.4%
North Dakota	368,090	27,720	48,320	7.5%
Ohio	5,692,070	597,370	1,027,750	10.5%
Oklahoma	1,713,370	244,420	430,720	14.3%
Oregon	2,030,990	149,010	251,980	7.3%
Pennsylvania	6,325,490	573,560	963,960	9.1%
Rhode Island	568,360	48,750	78,790	8.6%
South Carolina	2,481,150	331,520	553,220	13.4%
South Dakota	441,520	37,900	67,850	8.6%
Tennessee	3,247,910	412,270	695,180	12.7%
Texas	13,641,000	1,963,140	3,422,320	14.4%
Utah	1,514,460	114,800	206,240	7.6%
Vermont	336,880	21,970	35,890	6.5%
Virginia	4,160,340	381,240	639,880	9.2%
Washington	3,757,410	251,370	431,510	6.7%
West Virginia	776,010	91,990	154,610	11.9%
Wisconsin	2,940,980	218,940	380,910	7.4%
Wyoming	280,750	22,590	39,250	8.0%
US Fifty State Total	158,361,310	16,933,230	28,577,170	10.7%

EITC Benefit Schedule By Income



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