

**AMENDMENT TO H.R. 1147**  
**OFFERED BY MR. KING OF IOWA**

Add, at the end of the bill, the following:

1 **SEC. 15. CLARIFICATION THAT WAGES PAID TO UNAUTHOR-**  
2 **IZED ALIENS MAY NOT BE DEDUCTED FROM**  
3 **GROSS INCOME.**

4 (a) IN GENERAL.—Subsection (c) of section 162 of  
5 the Internal Revenue Code of 1986 (relating to illegal  
6 bribes, kickbacks, and other payments) is amended by  
7 adding at the end the following new paragraph:

8 “(4) WAGES PAID TO OR ON BEHALF OF UNAU-  
9 THORIZED ALIENS.—

10 “(A) IN GENERAL.—No deduction shall be  
11 allowed under subsection (a) for any wage paid  
12 to or on behalf of an unauthorized alien, as de-  
13 fined under section 274A(h)(3) of the Immigra-  
14 tion and Nationality Act (8 U.S.C.  
15 1324a(h)(3)).

16 “(B) WAGES.—For the purposes of this  
17 paragraph, the term ‘wages’ means all remu-  
18 neration for employment, including the cash  
19 value of all remuneration (including benefits)  
20 paid in any medium other than cash.

1           “(C) SAFE HARBOR.—If a person or other  
2           entity is participating in the E-Verify Program  
3           described in section 403(a) of the Illegal Immi-  
4           gration Reform and Immigrant Responsibility  
5           Act of 1996 (8 U.S.C. 1324a note) and obtains  
6           confirmation of identity and employment eligi-  
7           bility in compliance with the terms and condi-  
8           tions of the program with respect to the hiring  
9           (or recruitment or referral) of an employee,  
10          subparagraph (A) shall not apply with respect  
11          to wages paid to such employee.

12          “(D) BURDEN OF PROOF.—In the case of  
13          any examination of a return in connection with  
14          a deduction under this section by reason of this  
15          paragraph, the Secretary shall bear the burden  
16          of proving that wages were paid to or on behalf  
17          of an unauthorized alien.

18          “(E) LIMITATION ON TAXPAYER AUDIT.—  
19          The Secretary may not commence an audit or  
20          other investigation of a taxpayer solely on the  
21          basis of a deduction taken under this section by  
22          reason of this paragraph.”.

23          (b) SIX-YEAR LIMITATION ON ASSESSMENT AND  
24          COLLECTION.—Subsection (c) of section 6501 of the In-  
25          ternal Revenue Code of 1986 (relating to exceptions) is

1 amended by adding at the end the following new para-  
2 graph:

3           “(12) DEDUCTION CLAIMED FOR WAGES PAID  
4 TO UNAUTHORIZED ALIENS.—In the case of a return  
5 of tax on which a deduction is shown in violation of  
6 section 162(c)(4), any tax under chapter 1 may be  
7 assessed, or a proceeding in court for the collection  
8 of such tax may be begun without assessment, at  
9 any time within 6 years after the return was filed.”.

10       (c) USE OF DOCUMENTATION FOR ENFORCEMENT  
11 PURPOSES.—Section 274A of the Immigration and Na-  
12 tionality Act (8 U.S.C. 1324a) is amended—

13           (1) in subparagraph (b)(5), by inserting “, sec-  
14 tion 162(c)(4) of the Internal Revenue Code of  
15 1986,” after “enforcement of this Act”;

16           (2) in subparagraph (d)(2)(F), by inserting “,  
17 section 162(c)(4) of the Internal Revenue Code of  
18 1986,” after “enforcement of this Act”; and

19           (3) in subparagraph (d)(2)(G), by inserting  
20 “section 162(c)(4) of the Internal Revenue Code of  
21 1986 or” after “or enforcement of”.

22       (d) AVAILABILITY OF INFORMATION.—

23           (1) IN GENERAL.—The Commissioner of Social  
24 Security, the Secretary of the Department of Home-  
25 land Security, and the Secretary of the Treasury,

1 shall jointly establish a program to share informa-  
2 tion among such agencies that may or could lead to  
3 the identification of unauthorized aliens (as defined  
4 under section 274A(h)(3) of the Immigration and  
5 Nationality Act), including any no-match letter, any  
6 information in the earnings suspense file, and any  
7 information in the investigation and enforcement of  
8 section 162(c)(4) of the Internal Revenue Code of  
9 1986.

10 (2) DISCLOSURE BY SECRETARY OF THE  
11 TREASURY.—

12 (A) IN GENERAL.—Subsection (i) of sec-  
13 tion 6103 of the Internal Revenue Code of 1986  
14 is amended by adding at the end the following  
15 new paragraph:

16 “(9) PAYMENT OF WAGES TO UNAUTHORIZED  
17 ALIENS.—Upon request from the Commissioner of  
18 the Social Security Administration or the Secretary  
19 of the Department of Homeland Security, the Sec-  
20 retary shall disclose to officers and employees of  
21 such Administration or Department—

22 “(A) taxpayer identity information of em-  
23 ployers who paid wages with respect to which a  
24 deduction was not allowed by reason of section  
25 162(c)(4), and

1           “(B) taxpayer identity information of indi-  
2           viduals to whom such wages were paid,  
3           for purposes of carrying out any enforcement activi-  
4           ties of such Administration or Department with re-  
5           spect to such employers or individuals.”.

6           (B) RECORDKEEPING.—Paragraph (4) of  
7           section 6103(p) of such Code is amended—

8           (i) by striking “(5), or (7)” in the  
9           matter preceding subparagraph (A) and in-  
10          serting “(5), (7), or (9)”, and

11          (ii) by striking “(5) or (7)” in sub-  
12          paragraph (F)(ii) and inserting “(5), (7),  
13          or (9)”.

14          (e) EFFECTIVE DATE.—

15          (1) Except as provided in paragraph (2), this  
16          Act and the amendments made by this Act shall  
17          take effect on the date of the enactment of this Act.

18          (2) The amendments made by subsections (a)  
19          and (b) shall apply to taxable years beginning after  
20          December 31, 2015.

