

AMENDMENT TO RULES COMMITTEE PRINT 115-

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OFFERED BY MR. KING OF IOWA

Add at the end the following:

1 **TITLE VI—NEW IDEA ACT**

2 **SEC. 6001. SHORT TITLE.**

3 This title may be cited as—

4 (1) the “New IDEA Act”; or

5 (2) the “New Illegal Deduction Elimination
6 Act”.

7 **SEC. 6002. CLARIFICATION THAT WAGES PAID TO UNAU-**
8 **THORIZED ALIENS MAY NOT BE DEDUCTED**
9 **FROM GROSS INCOME.**

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

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

16 “(A) IN GENERAL.—No deduction shall be
17 allowed under subsection (a) for any wage paid
18 to or on behalf of an unauthorized alien, as de-
19 fined under section 274A(h)(3) of the Immigra-

1 tion and Nationality Act (8 U.S.C.
2 1324a(h)(3)).

3 “(B) WAGES.—For the purposes of this
4 paragraph, the term ‘wages’ means all remuneration for employment, including the cash
5 value of all remuneration (including benefits)
6 paid in any medium other than cash.

7 “(C) SAFE HARBOR.—If a person or other
8 entity is participating in the E-Verify Program
9 described in section 403(a) of the Illegal Immigration Reform and Immigrant Responsibility
10 Act of 1996 (8 U.S.C. 1324a note) and obtains
11 confirmation of identity and employment eligibility in compliance with the terms and conditions
12 of the program with respect to the hiring
13 (or recruitment or referral) of an employee,
14 subparagraph (A) shall not apply with respect
15 to wages paid to such employee.

16 “(D) BURDEN OF PROOF.—In the case of
17 any examination of a return in connection with
18 a deduction under this section by reason of this
19 paragraph, the Secretary shall bear the burden
20 of proving that wages were paid to or on behalf
21 of an unauthorized alien.
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1 “(E) LIMITATION ON TAXPAYER AUDIT.—
2 The Secretary may not commence an audit or
3 other investigation of a taxpayer solely on the
4 basis of a deduction taken under this section by
5 reason of this paragraph.”.

6 (b) SIX-YEAR LIMITATION ON ASSESSMENT AND
7 COLLECTION.—Subsection (c) of section 6501 of the In-
8 ternal Revenue Code of 1986 (relating to exceptions) is
9 amended by adding at the end the following new para-
10 graph:

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

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

21 (1) in subparagraph (b)(5), by inserting “, sec-
22 tion 162(c)(4) of the Internal Revenue Code of
23 1986,” after “enforcement of this Act”;

1 (2) in subparagraph (d)(2)(F), by inserting “,
2 section 162(c)(4) of the Internal Revenue Code of
3 1986,” after “enforcement of this Act”; and

4 (3) in subparagraph (d)(2)(G), by inserting
5 “section 162(c)(4) of the Internal Revenue Code of
6 1986 or” after “or enforcement of”.

7 (d) AVAILABILITY OF INFORMATION.—

8 (1) IN GENERAL.—The Commissioner of Social
9 Security, the Secretary of the Department of Home-
10 land Security, and the Secretary of the Treasury,
11 shall jointly establish a program to share informa-
12 tion among such agencies that may or could lead to
13 the identification of unauthorized aliens (as defined
14 under section 274A(h)(3) of the Immigration and
15 Nationality Act), including any no-match letter, any
16 information in the earnings suspense file, and any
17 information in the investigation and enforcement of
18 section 162(c)(4) of the Internal Revenue Code of
19 1986.

20 (2) DISCLOSURE BY SECRETARY OF THE
21 TREASURY.—

22 (A) IN GENERAL.—Subsection (i) of sec-
23 tion 6103 of the Internal Revenue Code of 1986
24 is amended by adding at the end the following
25 new paragraph:

1 “(9) PAYMENT OF WAGES TO UNAUTHORIZED
2 ALIENS.—Upon request from the Commissioner of
3 the Social Security Administration or the Secretary
4 of the Department of Homeland Security, the Sec-
5 retary shall disclose to officers and employees of
6 such Administration or Department—

7 “(A) taxpayer identity information of em-
8 ployers who paid wages with respect to which a
9 deduction was not allowed by reason of section
10 162(c)(4), and

11 “(B) taxpayer identity information of indi-
12 viduals to whom such wages were paid,
13 for purposes of carrying out any enforcement activi-
14 ties of such Administration or Department with re-
15 spect to such employers or individuals.”.

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

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

21 (ii) by striking “(5) or (7)” in sub-
22 paragraph (F)(ii) and inserting “(5), (7),
23 or (9)”.

24 (e) EFFECTIVE DATE.—

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

4 (2) The amendments made by subsections (a)
5 and (b) shall apply to taxable years beginning after
6 December 31, 2017.

7 **SEC. 6003. MODIFICATION OF E-VERIFY PROGRAM.**

8 (a) **MAKING PERMANENT.**—Subsection (b) of section
9 401 of the Illegal Immigration Reform and Immigrant Re-
10 sponsibility Act of 1996 (8 U.S.C. 1324a note) is amended
11 by striking the last sentence.

12 (b) **APPLICATION TO CURRENT EMPLOYEES.**—

13 (1) **VOLUNTARY ELECTION.**—The first sentence
14 of section 402(a) of such Act is amended to read as
15 follows: “Any person or other entity that conducts
16 any hiring (or recruitment or referral) in a State or
17 employs any individuals in a State may elect to par-
18 ticipate in the E-Verify Program.”.

19 (2) **BENEFIT OF REBUTTABLE PRESUMP-**
20 **TION.**—Paragraph (1) of section 402(b) of such Act
21 is amended by adding at the end the following: “If
22 a person or other entity is participating in the E-
23 Verify Program and obtains confirmation of identity
24 and employment eligibility in compliance with the
25 terms and conditions of the program with respect to

1 individuals employed by the person or entity, the
2 person or entity has established a rebuttable pre-
3 sumption that the person or entity has not violated
4 section 274A(a)(2) with respect to such individ-
5 uals.”.

6 (3) SCOPE OF ELECTION.—Subparagraph (A)
7 of section 402(e)(2) of such Act is amended to read
8 as follows:

9 “(A) IN GENERAL.—Any electing person or
10 other entity may provide that the election under
11 subsection (a) shall apply (during the period in
12 which the election is in effect)—

13 “(i) to all its hiring (and all recruit-
14 ment or referral);

15 “(ii) to all its hiring (and all recruit-
16 ment or referral and all individuals em-
17 ployed by the person or entity);

18 “(iii) to all its hiring (and all recruit-
19 ment or referral) in one or more States or
20 one or more places of hiring (or recruit-
21 ment or referral, as the case may be); or

22 “(iv) to all its hiring (and all recruit-
23 ment or referral and all individuals em-
24 ployed by the person or entity) in one or
25 more States or one or more place of hiring

1 (or recruitment or referral or employment,
2 as the case may be).”.

3 (4) PROCEDURES FOR PARTICIPANTS IN E-
4 VERIFY PROGRAM.—Subsection (a) of section 403 of
5 such Act is amended—

6 (A) in the matter preceding paragraph (1),
7 by inserting “or continued employment in the
8 United States” after “United States”; and

9 (B) in paragraph (3)—

10 (i) in subparagraph (A), by striking
11 all that follows “(as specified by the Sec-
12 retary of Homeland Security)” and insert-
13 ing “after the date of the hiring, or re-
14 cruitment or referral, in the case of inquir-
15 ies made pursuant to a hiring, recruitment
16 or referral (and not of previously hired in-
17 dividuals).”; and

18 (ii) in subparagraph (B), by striking
19 “such 3 working days” and inserting “the
20 specified period”.

21 (c) APPLICATION TO JOB APPLICANTS.—Section
22 402(c)(2) of such Act is amended by adding at the end
23 the following:

24 “(C) JOB OFFER MAY BE MADE CONDI-
25 TIONAL ON FINAL CONFIRMATION BY E-

1 VERIFY.—A person or other entity that elects to
2 participate in the E-Verify Program may offer
3 a prospective employee an employment position
4 conditioned on final verification of the identity
5 and employment eligibility of the employee
6 using the employment eligibility confirmation
7 system established under section 404.”.

