

**AMENDMENT TO H.R. 1994, AS REPORTED**  
**OFFERED BY MR. KING OF IOWA**

At the end, add the following:

1 **TITLE V—CLARIFICATION THAT**  
2 **WAGES PAID TO UNAUTHOR-**  
3 **IZED ALIENS MAY NOT BE DE-**  
4 **DUCTED FROM GROSS IN-**  
5 **COME**

6 **SEC. 501. CLARIFICATION THAT WAGES PAID TO UNAU-**  
7 **THORIZED ALIENS MAY NOT BE DEDUCTED**  
8 **FROM GROSS INCOME.**

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

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

15 “(A) IN GENERAL.—No deduction shall be  
16 allowed under subsection (a) for any wage paid  
17 to or on behalf of an unauthorized alien, as de-  
18 fined under section 274A(h)(3) of the Immigra-  
19 tion and Nationality Act (8 U.S.C.  
20 1324a(h)(3)).

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

6           “(C) SAFE HARBOR.—If a person or other  
7 entity is participating in the E-Verify Program  
8 described in section 403(a) of the Illegal Immigration Reform and Immigrant Responsibility  
9 Act of 1996 (8 U.S.C. 1324a note) and obtains  
10 confirmation of identity and employment eligibility in compliance with the terms and conditions  
11 of the program with respect to the hiring  
12 (or recruitment or referral) of an employee,  
13 subparagraph (A) shall not apply with respect  
14 to wages paid to such employee.  
15  
16

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

23           “(E) LIMITATION ON TAXPAYER AUDIT.—  
24 The Secretary may not commence an audit or  
25 other investigation of a taxpayer solely on the

1           basis of a deduction taken under this section by  
2           reason of this paragraph.”.

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

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

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

18           (1) in subparagraph (b)(5), by inserting “, sec-  
19 tion 162(c)(4) of the Internal Revenue Code of  
20 1986,” after “enforcement of this Act”;

21           (2) in subparagraph (d)(2)(F), by inserting “,  
22 section 162(c)(4) of the Internal Revenue Code of  
23 1986,” after “enforcement of this Act”; and

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

4           (d) AVAILABILITY OF INFORMATION.—

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

17          (2) DISCLOSURE BY SECRETARY OF THE  
18          TREASURY.—

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

23                 “(9) PAYMENT OF WAGES TO UNAUTHORIZED  
24                 ALIENS.—Upon request from the Commissioner of  
25                 the Social Security Administration or the Secretary

1 of the Department of Homeland Security, the Sec-  
2 retary shall disclose to officers and employees of  
3 such Administration or Department—

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

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

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

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

18 (ii) by striking “(5) or (7)” in sub-  
19 paragraph (F)(ii) and inserting “(5), (7),  
20 or (9)”.

21 (e) EFFECTIVE DATE.—

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

1           (2) The amendments made by subsections (a)  
2           and (b) shall apply to taxable years beginning after  
3           December 31, 2018.

