

Taxes & DACA: What do I need to know?

Tax season is in full swing! Now that you have DACA (and new job opportunities), you need to make sure you file your taxes! Don't forget, the filing **deadline is April 15, 2015**. Here are some facts to help you prepare.

What we've got for you!

- Taxes & DACA
- Obamacare & Taxes
- Say what? Tax forms & terms explained

Taxes & DACA

I have DACA. Am I required to file taxes?

YES! You are obligated by law to file taxes. It may also help you in the future with your immigration case if you ever need to show compliance with tax requirements, proof of your income, or prove your physical presence in the United States.

Is there any risk in filing taxes as a DACA-mented Dreamer?

No, you should not be scared of filing your taxes. You will not be turning yourself in to the government by doing so. There are confidentiality protections that keep information submitted to IRS private and that cannot be shared with immigration enforcement agencies. You are safe!

SSN or ITIN? Which do I use?

If you have DACA and have a Social Security Number (SSN), then you **MUST** use the SSN to file your taxes. If you had been using an ITIN before you received DACA, you must stop using it to file taxes.

What do I do need to do once I receive a valid SSN?

If you have been using an ITIN previously, you must:

- [Write to the IRS ITIN unit](#) to inform them that you are no longer using your ITIN. Here is a guide with more info on what to do: www.lclaa.org/lclaa-blog/entry/post-daca.
- Amend any past returns if they included any incorrect information.
- If you meet all the eligibility criteria for the Earned Income Tax Credit, apply for it for up to three prior years.

NOTE: Payment of back taxes are NOT REQUIRED for DACA (or DAPA—though discretionary).

The Affordable Care Act (also known as “Obamacare”) and Taxes

The Affordable Care Act (ACA), also known as “Obamacare,” established health insurance marketplaces to make it easier for people to buy health insurance. A provision in the ACA, known as the “individual mandate,” requires that all “eligible” people get health coverage or pay a financial penalty. But there are some important exceptions to this requirement, including one for undocumented and DACA-mented youth.

I have DACA. Do I qualify for Obamacare? Who qualifies?

- NO. Unfortunately, DACA recipients are not eligible for Obamacare because they are not considered lawfully present for purposes of the ACA. DACA recipients are therefore considered “exempt noncitizens” and do NOT need to have insurance and are NOT required to pay the penalty.
- However, because DACA-mented youth are often part of mixed-status families, it is important to remember that DACA recipients may apply for Obamacare coverage on behalf of eligible family members and may be counted in household size.

I have DACA. Do I have to pay the tax penalty for not having insurance?

- NO. People who are not eligible for Obamacare do not have to pay the financial penalty. This means that if you have DACA, you are not required to have health insurance and also that you are not subject to the tax penalty.

I am not eligible for Obamacare because I have DACA. What should I do to be exempt from the tax penalty?

- To claim the exemption and avoid paying the tax penalty for not having insurance, you must complete IRS [Form 8965](#) and file it along with your federal income tax return (1040).
- You must indicate exemption “code C” on the Form 8965, which is meant for people who are not “lawfully present.” You should also indicate that you were exempt for the entire year.
- Claiming this exemption will not require you to disclose your immigration status, as the code “C” exemption captures several groups of people who are not eligible for the ACA.
- If you are not required to file tax returns because your income is too low, you do not need to do anything to claim your exemption.

What if I have DACA and already paid the tax penalty?

If you have DACA and were told you needed to pay the tax penalty, you should file an amended return (Form 1040X) along with a completed Form 8965. You will need to claim the exemption on Form 8965.

More information on immigration status and health care:

- [FAQ – Immigrants, ACA, and Taxes](#)
- [Immigrants & Exemptions from the Individual Mandate](#)
- [DACA and DAPA Access to Federal Health and Economic Support Programs](#)

Say What? Tax Forms and Terms Explained

| Tax Form | Explanation |
|---|--|
| Form W-4 (Employee's Withholding Allowance Certificate) | You fill this out after you are hired for a new job. It determines the correct amount of taxes to withhold and shows your dates of employment and the amount you paid into Social Security and Medicare. |
| Form W-2 (Wage and Tax Statement) | You get this from your employer by the end of January of each tax year. It shows wages, income taxes withheld, and payroll taxes (Social Security and Medicare withholdings) from the prior year. Your employer is required by law to provide it to you. |
| Form 1040 (U.S. Individual Income Tax Return) | The standard Individual Federal Income Tax form for filing your taxes. There are several types of Individual Tax Income forms (1040). To figure out which 1040 you should file, see the table immediately below. |

| | 1040 | 1040EZ | 1040A |
|--|------|--------|-------|
| <i>Income is below \$100,000</i> | | X | X |
| <i>Single or married filing jointly</i> | | X | |
| <i>No dependents</i> | | X | |
| <i>Dependents</i> | X | | |
| <i>Claim adjustments for student loan interest</i> | | | X |
| <i>You claim itemized deductions</i> | X | | |

Check out this IRS guide for more info: www.irs.gov/uac/Newsroom/Which-Tax-Form-Should-You-File

| Tax Term | Explanation |
|-----------------|---|
| Exemptions | Reduce your taxable income through personal exemptions as well as exemptions for your spouse and dependents. |
| Deductions | Reduce your taxable income through specific expenses (for example, home mortgage interest and charitable donations). |
| Credits | Reduce the amount of taxes owed (and that are sometimes refundable, like the Child Tax Credit and Earned Income Tax Credit, if they reduce your tax liability to less than zero). |
| Dependents | Includes qualifying children or qualifying relatives (siblings, parents, nieces/nephews, aunts/uncles, and others), but ONLY IF they meet certain criteria. |

Exemptions, Dependents and Tax Credits

- Earned Income Tax Credit (EITC):
 - Only SSN-holders (both parents and qualifying child) can apply.
 - Maximum 2014 credit is \$496 for a taxpayer with no qualifying children and \$6,143 for a taxpayer with 3+ qualifying children.
- Child Tax Credit (CTC) and Additional Child Tax Credit (ACTC):
 - ITIN-holders are eligible (up to \$1,000 credit for each qualifying child for which a dependency exemption has been claimed).
 - NOTE: “Qualifying child” under CTC/ACTC includes only U.S. citizens, U.S. residents (known as green card-holder), and U.S. nationals.

Where and how can I file?

There are many options for how to file your taxes.

- File on your own:
 - Free File from the IRS: www.irs.gov/uac/Free-File:-Do-Your-Federal-Taxes-for-Free
 - Turbo Tax: <https://turbotax.intuit.com/>
 - Tax Act: www.taxact.com/
 - H+R Block Online: www.hrblock.com/online-tax-filing/
- The VITA Volunteer Income Tax Assistance Program offers free, in-person tax help for people whose income is under \$53,000 or who are disabled, elderly, or a limited English speaker.
 - Find a VITA site near you: www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers
- Paid in-person tax preparers:
 - H+R Block: www.hrblock.com
 - Liberty Tax: www.libertytax.com
 - Jackson Hewitt Tax Service: www.jacksonhewitt.com

SOURCES

Frequently Asked Questions: Immigrants, Taxes, and the Affordable Care Act (National Immigration Law Center, Feb. 17, 2015), www.nilc.org/document.html?id=1157.

Immigrants & Exemptions from the ACA Individual Mandate (National Immigration Law Center, Feb. 26, 2015), www.nilc.org/document.html?id=1192.