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that won approval Friday in the House. But in a dispute that divides Republicans and Democrats, millions of the poorest low-income families would still lose the credit in 2018, when enhancements championed by President Barack Obama are set to expire.

Jul. 26, 2014



More families with higher incomes could claim the popular child tax credit under a bill that won approval Friday in the House. But in a dispute that divides Republicans and Democrats, millions of the poorest low-income families would still lose the

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cleared the House by a vote of 237-173. The White House threatened to veto the bill, though the Democratic-controlled Senate is unlikely to pass it.

About 37 million taxpayers claimed the credit in 2012, reducing their tax bills by nearly \$57 billion.

House Republicans say the bill would strengthen the tax credit by increasing it as inflation rises, and by making it available to even more middle-income families. "It is time we make some simple improvements to the child tax credit, so it keeps up with the cost of raising children," said Rep. Dave Camp R-Mich., chairman of the tax-writing House Ways and Means Committee.

The White House said the bill favors high-income taxpayers over the poor, while adding \$90 billion to the budget deficit over the next decade.

Five million of the poorest low-income families would lose the credit in 2018, the White House said. An additional 6 million low-income families would see the amount of their tax credits reduced.

"The new Republican rhetoric on poverty is no match for the deeply troubling actions they have repeatedly taken, and continue to take, with this legislation today," said Rep. Sander Levin of Michigan, the senior Democrat on the Ways and Means Committee. "This bill leads to harm for millions of low- and middle-income families and their children."

House Republicans dispute the Democrats' argument, saying the bill is silent on low-income families. Current law calls for Obama's enhancement for low-income income families to expire. The bill simply lets it happen. "The opponents make a false claim, that somehow this bill eliminates benefits for millions of low-income families," Camp said. "That's just wrong."

Under current law, the child tax credit is gradually reduced and phased out for

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prices rise.

The amount of the credit would also increase with inflation, rising above \$1,000 as consumer prices go up.

These changes would increase savings for taxpayers by \$115 billion over the next decade, according to the nonpartisan Joint Committee on Taxation, which analyzes tax bills for Congress.

At the other end of the income spectrum, the child tax credit is also available to families that don't make enough money to pay any federal income taxes. These families get payments similar to tax refunds when they file their tax returns.

In 2009, Obama signed a law that made the payments available to more low-income families — the poorest of the working poor. That provision, which has since been extended, is scheduled to expire at the end of 2017.

Democrats see these types of payments as an important tool to fight poverty — and as a way for low-income families to benefit from the tax code.

Some Republicans say these provisions are simply government expenditures disguised as tax breaks. "This is basically a benefit check handed out by the IRS," said Rep. Sam Johnson, R-Texas.

The bill would require taxpayers claiming these payments to provide a Social Security number, making it harder for immigrants to claim them, whether they are in the country legally or not. Noting the recent flood of unaccompanied minors showing up at the southern border, House Republicans said the provision would reduce the incentive for people to enter the U.S. illegally.

The requirement would save the Treasury \$24.5 billion over the next decade,

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Treasury inspector general for tax administration.

"The last thing we need is to continue to encourage folks from Central America to make the dangerous and life-threatening trek to Texas," said Johnson, who sponsored the provision.

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