

# Taxation Without Documentation



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## Being Unauthorized Doesn't Mean Being Untaxed

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Unauthorized immigrants in Virginia contributed between \$134 million and \$197 million in state income, sales and excise, and local property taxes in 2011. This belies accusations that unauthorized immigrants in Virginia are harming the state's economy.

### Background

There are an estimated 170,000 to 250,000 unauthorized immigrants in Virginia. Their median household income is estimated to be \$36,000. A household earning that amount pays an average of 6.85 percent in state and local taxes.

### One of life's two certainties...

No one can avoid paying state sales and excise taxes. Those taxes are charged and collected at the place where an item is purchased. The merchant charges the tax, collects it from the customer and sends it to the state. Whether you're buying a burger, a box of crayons, or a pair of work boots, your immigration status has nothing to do with whether a merchant collects sales or excise tax from you. We estimate that unauthorized immigrants paid between \$85.7 million and \$126 million in Virginia in 2011.

While immigrants send an average of \$3,534 a year to their countries of origin to support their families there, our analysis controls for that in calculating how much income remains to be spent locally.

Local property taxes also are something no one can avoid paying. Landlords' property taxes often are reflected in a portion of the rent they charge. As a result, many unauthorized immigrants – just like citizens – are, in effect, paying those taxes. We estimate that unauthorized immigrants paid between \$9.7 million and \$14.2 million in local property taxes in Virginia in 2011.

## How Much Do Unauthorized Immigrants Pay in Virginia State and Local Taxes?

<b>TOTAL</b>	<b>\$133.8 million</b>	← range: low to high →	<b>\$196.7 million</b>
	\$85.7 million	Sales and Excise	\$126 million
	\$38.4 million	Income	\$56.5 million
	\$9.7 million	Property	\$14.2 million

Sources: Institute for Taxation and Economic Policy, Pew Hispanic Center, and TCI analysis

A majority of unauthorized immigrants pay state income taxes, too. That's because most are "working on the books" and having state income taxes withheld from their paychecks. The Social Security Administration's own actuary estimates that between 67 and 75 percent of unauthorized immigrants are working on the books. While some file taxes using false Social Security numbers, which they present to

employers who otherwise cannot knowingly hire individuals who are unauthorized, others apply for and use an Individual Taxpayer Identification Number from the Internal Revenue Service as the way they remit taxes to the government. Our analysis uses an even more conservative estimate here – 50 percent – to estimate how much state income tax is paid by unauthorized immigrants in Virginia.

**Whether you're buying a burger, a box of crayons, or a pair of work boots, your immigration status has nothing to do with whether a merchant collects sales or excise tax from you.**

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