



NYS Citizens' Coalition for Children

Statement for the record by:

NYS Citizens' Coalition for Children (NYSCCC)

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Before the:

United States Senate Committee on Finance

For the hearing:

**Extenders and Tax Reform: Seeking Long-Term Solutions
January 31, 2012**

Thank you very much for giving us the opportunity to offer this testimony to the Senate Committee on Finance. Your time and attention are greatly appreciated. As a statewide organization that supports foster and adoptive families, we would like to raise an issue that impacts tens of thousands of foster parents and children in their care across the country.

As the primary voluntary caretakers of children in foster care, the Internal Revenue Service (IRS) allows foster parents to claim the children in their care on their federal taxes. However, in the past decade, in an effort to prevent divorced parents from both claiming children on their taxes, the IRS has begun requiring all parents to provide the children's social security numbers on their tax forms. According to a senior IRS official, this has resulted in a dramatic decrease in "double dipping" by divorced parents.

This new requirement has inadvertently prevented foster parents from claiming children in their care on their federal taxes because the Social Security Administration has a memorandum of understanding with states that prevents the states from sharing social security numbers with foster parents in an effort to protect children's privacy. Foster parents cannot claim children without access to social security numbers. This means that any birth family member with the child's social security number may claim the child on his taxes and there is no way to track or stop this. Only when a counter claim is made by the person actually providing the daily care for the child can the situation be investigated.

This oversight in the regulations needs to be changed to ensure that a child's actual caretaker, rather than a person who simply has access to the child's social security number, receives the tax benefit. Fortunately, there is a straightforward solution that will fix the situation: expand the availability of Adoption Temporary Taxpayer Identification Numbers (ATIN) to foster parents.

ATIN's are routinely issued by the Internal Revenue Service as temporary taxpayer identification numbers where the pre-adopting taxpayers will be adopting within the next two years and do not have and/or are unable to obtain the child's Social Security Number. Allowing foster parents to request and receive ATIN's would eliminate the need to obtain the child's original social security number and permit foster parents to legitimately and appropriately claim tax deductions for children in their care. It would also protect the children's privacy by limiting access to their social security numbers. This simple change would increase tax fairness for foster families, protect children, eliminate fraudulent claims by non-custodial parents and would not have a large federal fiscal impact.