



WHEN ACCESS IS CUT, FAMILIES PAY THE PRICE

The impact of recent tax credit changes —
and how we are responding



Why This Matters

Tax credits are among the most effective tools for supporting working families and reducing poverty.

Refundable tax credits, including the Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), and California's state credits, put money directly into households' hands, helping families afford rent, food, childcare, and other basic needs.

At mBOLDen Change, we see supporting tax credit access as one part of a broader effort to strengthen economic stability and advance systemic equity, so families can afford basic needs with dignity and build a foundation for long-term security.

Yet growing barriers have reduced the reach of these credits, especially for immigrant and mixed-status families. These challenges are not the result of families' work or contributions, but of policy decisions that have narrowed eligibility and eliminated trusted pathways to file and claim the support families are entitled to.



At a moment when families are struggling to afford rent, food, and childcare, restricting access to tax credits is a deliberate choice — one that makes life more expensive for people who are already working hard to get by.

When policy makes support harder to claim, especially for immigrant and mixed-status families, that harm is not accidental.



Minh Ngo, Executive Director & Board Chair
mBOLDen Change

What's Changed for Families This Year

For the 2025 tax year (filed in 2026), families face a more difficult and confusing tax filing landscape.

These changes stem from policy decisions made under the Trump administration's 2025 budget and tax agenda, which narrowed eligibility and eliminated key pathways families relied on to claim tax credits.

New Social Security number requirement for parents.

At least one parent filing the return must now have a valid Social Security number to claim the Child Tax Credit. Previously, caregivers filing with ITINs could claim the credit for qualifying children. *(Source: IRS)*

Loss of a trusted free filing option.

The IRS Direct File program has been eliminated, removing a free, trusted pathway used by many low-income households to file and claim tax credits. *(Source: IRS)*

Federal policy actions and signaling have increased uncertainty.

Department of Justice legal opinions and Treasury guidance have raised concerns about the potential reclassification of refundable tax credits as “federal public benefits,” increasing confusion and uncertainty among immigrant families.

Immigrant families increasingly avoiding tax credits they are entitled to.

Immigration-related and public charge fears now affect approximately **1 in 6** immigrant families, contributing to delayed filing or unclaimed credits. *(Source: Urban Institute)*

These changes have increased fear, confusion, and barriers for many families, especially in immigrant and mixed-status households.

The Impact on Children & Families

4.5 Million

U.S. citizen children losing access to the Child Tax Credit due to new SSN requirements

400,000+

Low-income taxpayers who relied on IRS Direct File, a free filing option now eliminated

1 in 6

Immigrant families not claiming tax credits they're entitled to due to immigration fears



89% of children in immigrant families are U.S. citizens . . . And, with immigrant families accounting for 27% of the U.S. population, such an eligibility change threatens large scale child poverty impacts nationwide.”

— Protecting Immigrant Families Coalition



The Gap — and the Opportunity to Act

Tax credits are not theoretical. They are among the most well-studied and effective tools for reducing poverty and strengthening economic stability for working families.

For decades, the Earned Income Tax Credit has lifted millions of people out of poverty each year, improved child health and educational outcomes, and strengthened long-term economic mobility. When paired with the Child Tax Credit, especially during the 2021 expansion, the combined impact was historic: child poverty fell to record lows, food insecurity declined, and families were better able to afford basic needs like rent, groceries, and childcare.

These outcomes make one thing clear: **when families can access refundable tax credits, they work.**

Yet despite this evidence, billions of dollars in tax credits go unclaimed each year, not because families don't qualify, but because fear, cost, and complexity block access. As recent policy changes narrow eligibility and eliminate trusted filing pathways, **previously eligible families are being excluded from tax credits. Many more who still qualify are unable to claim them due to fear, cost, and the loss of trusted filing options, widening the gap between what works and who benefits.**

\$7+ Billion

EITC left unclaimed
annually nationwide

1 in 5

Eligible
taxpayers miss
EITC each year

\$14k +

Maximum combined
credits for family of 4
with two young
children, depending on
income and eligibility

\$8 ROI

Social, economic
benefits for every \$1
invested in the CTC
(Source: *Brookings
Institution*)

Our Response

Tax credits are a proven foundation for economic stability. Families should not miss out on support they are entitled to because of fear, cost, or complexity.

At mBOLDen Change, our tax credit work is part of a broader commitment to economic stability, mobility and systemic equity. We focus on ensuring families can meet basic needs with dignity today, while also working to change the policies and systems that determine who has access tomorrow.

Our Tax Credit Initiative

Our initiative responds directly to the barriers families are facing by:

- Connecting working families to federal and California tax credits they are eligible for
- Reducing fear and access barriers for immigrant and mixed-status households through trusted, community-based support
- Pairing direct support now with advocacy to protect and expand equitable access to tax credits over the long term

GOALS

PROGRAM PARTNERS

50+ community partners

FAMILIES REACHED

1,000+

FREE TAX FILING REFERRALS

100+

TAX CREDITS (FEDERAL & CA)

\$4–6 million claimed

Call to Action

We call on policymakers to protect and expand access to tax credits, funders to invest in trusted community-based support, and partners to advance policies rooted in dignity and inclusion. **Economic security should not depend on fear, legal complexity, or exclusion.**