

TaxBrief

Keeping you informed

Changes to SSN Requirements Under OBBBA

The tax landscape is always evolving, but the *One Big Beautiful Bill Act* (OBBBA) marks a significant shift in how we handle Social Security numbers (SSNs) on tax returns.

What's changed under OBBBA?

OBBBA introduces new, stricter verification procedures for SSNs used on tax returns. While the basic SSN requirements for the child tax credit (CTC) and earned income credit (EIC) remain unchanged, the IRS is now enforcing these rules with unprecedented rigor. Real-time e-file checks and new reject codes mean that even minor SSN discrepancies can lead to immediate return rejections, refund delays or even denial of credits.

The American opportunity tax credit (AOTC) and other credits tied to dependent eligibility are especially impacted. Preparers must now confirm that every SSN on a return is valid, issued by the Social Security Administration (SSA), and meets IRS thresholds for the relevant tax year. This is why you might need to provide additional items that may not have been requested before, such as school or medical records or other identifying documentation.

DHS issued SSNs and work permits

Many taxpayers obtain their SSNs through the Department of Homeland Security (DHS) when they receive work authorization. These cards can carry special notations that matter for tax purposes:

- **“Valid for Work Only with DHS Authorization”**: These SSNs are real and valid, but their use depends on maintaining DHS work authorization. If the authorization lapses, the SSN remains on file but may no longer qualify for certain tax credits.

- **Restricted or temporary SSNs**: Some Social Security cards issued with immigration-related restrictions may not be acceptable for credits like AOTC, CTC or EIC, including no tips or overtime deduction (assuming they meet other requirements).
- **Work permits (employment authorization documents, or EADs)**: A valid EAD allows the issuance of an SSN, but preparers must check both documents. A mismatch between the work permit dates and the tax year may impact eligibility for credits.

Understanding the intersection of visa status, work permits and SSNs is now critical. OBBBA requires preparers to verify not just that an SSN exists, but that it is acceptable for credit eligibility in the filing year.

