

JUNE 2025 / IMMIGRATION RESEARCH INITIATIVE

# Immigrants Pay Taxes But Are Excluded from Many Benefits

There is so much misinformation about the role immigrants are playing in the American economy, let's lay at least this one issue to rest. Immigrants pay taxes.

In fact, only one group of people in this country pays Social Security taxes but will not see any benefit from it: people who are undocumented. Same for Medicare. Same for unemployment insurance.

According to an in-depth analysis by the Institute on Taxation and Economic Policy, in 2022 immigrants who are undocumented paid:

- **\$25.7 billion in Social Security taxes**, even though the roughly 60 percent who pay into the system will not receive Social Security benefits the way other Americans do when we retire.
- **\$6.4 billion in Medicare taxes**, even though those who pay will not receive Medicare benefits the way other Americans do when we reach age 65.
- **\$1.8 billion in unemployment insurance taxes**, even though those in jobs where their employers pay the tax will not be eligible for unemployment insurance the way other workers are if they lose their jobs.

These are not the only taxes that people who are undocumented pay. Immigrants who are undocumented paid an estimated **\$96.7 billion in federal, state and local taxes** in 2022. About 60 percent paid payroll taxes and filed income tax returns, and everyone pays sales tax and property tax (including renters, whose rent supports the landlords' payments).

Other immigrants also pay taxes yet are excluded from some government programs, even if they are fully authorized to be in the country. For instance, a **"five-year bar"** results in many lawfully present immigrants being excluded from Medicaid, CHIP and SNAP. In total, immigrants—both those with and without authorization—paid **\$652 billion in state and local taxes**, according to an estimate from the American Immigration Council.

A smart idea would be to make it possible for people who are undocumented to get work permits and begin a pathway to citizenship. That would make them eligible for the programs they are paying into, while also increasing the amount they pay by increasing the amount they earn.

But whatever else we do, we should understand this reality: immigrants pay taxes yet are excluded from many public programs. And immigrants who lack work authorization are paying into systems with specific dedicated taxes—like Social Security—that then exclude them from the benefits they are paying for.