

# **ITINs and Filing a Tax Return: Advocating for your Client during the ITIN Application Process**



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# What is an ITIN?

- Individual Taxpayer Identification Number
- Established in 1996 to facilitate tax return filing by individuals without a Social Security Number
- Nine digit number beginning with 9



# What an ITIN is Not

- Cannot be used for purposes other than tax administration
- Does not authorize an individual to work in the U.S.
- Does not permit claims for the Earned Income Tax Credit



# Who Needs an ITIN?

- Individuals who have a U.S. tax return filing requirement but are not eligible for an SSN
- IRC § 7701 “Person”
- Both resident and nonresident aliens (not tied to immigration status)



# Resident Aliens

- Resident aliens generally taxable on their worldwide income (IRC § 61)
- Residency based on the substantial presence test (IRC § 7701(b)(3))



# Nonresident Aliens

- Nonresident aliens taxable on income from sources within the U.S., and on certain income connected with a trade or business in the U.S. (IRC §§ 864, 871)
- Nonresidents needing an ITIN to claim a tax treaty benefit or a reduced withholding rate
- See Publications 519 and 515



# Spouses and Dependents

- Must furnish ITINs to be able to file joint returns or be included on returns of primary taxpayers
- Required for nonresident and resident alien spouses and dependents of primary taxpayers



# When to Apply for an ITIN

- IRS accept applications throughout the year. Majority filed during the filing season with a paper return
- Five exceptions to filing a federal tax return





# Exceptions to Filing with a Return

- Persons claiming the benefits of a tax treaty who are exempt from withholding or eligible for a reduced rate of withholding
- Persons with income, payments, or transactions subject to third party reporting or withholding



# Form W-7

Form **W-7**  
(Rev. August 2013)  
Department of the Treasury  
Internal Revenue Service

## Application for IRS Individual Taxpayer Identification Number

► For use by individuals who are not U.S. citizens or permanent residents.  
► See instructions.

OMB No. 1545-0074

**An IRS individual taxpayer identification number (ITIN) is for federal tax purposes only.**

**Before you begin:**

- **Do not submit** this form if you have, or are eligible to get, a U.S. social security number (SSN).
- Getting an ITIN does not change your immigration status or your right to work in the United States and does not make you eligible for the earned income credit.

**Reason you are submitting Form W-7.** Read the instructions for the box you check. **Caution:** If you check box **b, c, d, e, f,** or **g,** you must file a tax return with Form W-7 unless you meet one of the exceptions (see instructions).

- a  Nonresident alien required to get ITIN to claim tax treaty benefit
- b  Nonresident alien filing a U.S. tax return
- c  U.S. resident alien (based on days present in the United States) filing a U.S. tax return
- d  Dependent of U.S. citizen/resident alien } Enter name and SSN/ITIN of U.S. citizen/resident alien (see instructions) ►
- e  Spouse of U.S. citizen/resident alien }
- f  Nonresident alien student, professor, or researcher filing a U.S. tax return or claiming an exception
- g  Dependent/spouse of a nonresident alien holding a U.S. visa
- h  Other (see instructions) ►

Additional information for a and f: Enter treaty country ► and treaty article number ►

FOR IRS USE ONLY				

<b>Name</b> (see instructions) Name at birth if different . . . ►	<b>1a</b> First name	Middle name	Last name
	<b>1b</b> First name	Middle name	Last name

**Applicant's mailing address**

**2** Street address, apartment number, or rural route number. If you have a P.O. box, see separate instructions.

City or town, state or province, and country. Include ZIP code or postal code where appropriate.

**Foreign (non-U.S.) address**  
(if different from above)  
(see instructions)

**3** Street address, apartment number, or rural route number. Do not use a P.O. box number.

City or town, state or province, and country. Include ZIP code or postal code where appropriate.

**Birth information**

**4** Date of birth (month / day / year) Country of birth City and state or province (optional) **5**  Male  Female

**Other information**

**6a** Country(ies) of citizenship **6b** Foreign tax I.D. number (if any) **6c** Type of U.S. visa (if any), number, and expiration date

**6d** Identification document(s) submitted (see instructions)  Passport  Driver's license/State I.D.  
 USCIS documentation  Other \_\_\_\_\_ Date of entry into the United States (MM/DD/YYYY) / /

Issued by: No.: Exp. date: / /

**6e** Have you previously received a Internal Revenue Service Number (IRSN) or employer identification number (EIN)?  
 No/Do not know. Skip line 6f.  
 Yes. Complete line 6f. If more than one, list on a sheet and attach to this form (see instructions).

**6f** Enter: IRSN or EIN ► \_\_\_\_\_ and  
Name under which it was issued ► \_\_\_\_\_

**6g** Name of college/university or company (see instructions) \_\_\_\_\_ Length of stay  
City and state \_\_\_\_\_

**Sign Here**

Under penalties of perjury, I (applicant/delegate/acceptance agent) declare that I have examined this application, including accompanying documentation and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I authorize the IRS to disclose to my acceptance agent returns or return information necessary to resolve matters regarding the assignment of my IRS individual taxpayer identification number (ITIN), including any previously assigned taxpayer identifying number.

Signature of applicant (if delegate, see instructions) Date (month / day / year) Phone number

Keep a copy for your records. Name of delegate, if applicable (type or print) Delegate's relationship to applicant  Parent  Court-appointed guardian  Power of Attorney

**Acceptance Agent's Use ONLY**

Signature Date (month / day / year) Phone Fax

Name and title (type or print) Name of company EIN PTIN Office Code



# Supporting Documentation

Supporting Documentation	Can be used to establish:	
	Foreign status	Identity
Passport (the only stand-alone document)	x	x
U.S. Citizenship and Immigration Services (USCIS) photo identification	x	x
Visa issued by U.S. Department of State	x	x
U.S. driver's license		x
U.S. military identification card		x
Foreign driver's license		x
Foreign military identification card	x	x
National identification card (must be current and contain name, photograph, address, date of birth, and expiration date)	x	x
U.S. state identification card		x
Foreign voter's registration card	x	x
Civil birth certificate	x*	x
Medical records (valid only for dependents under age 6)	x*	x
School records (valid only for dependents under age 14 (under age 18 if a student))	x*	x
* Can be used to establish foreign status only if they are foreign documents.		



# Original Documents or Certified Copies Required

- Original documents
- Documents certified by the issuing agency



# Original Documents

- Certifying Acceptance Agent
  - Dependents still must send in original documents even if using a CAA
- Taxpayer Assistance Centers and U.S. Tax Attaches
- Exceptions for military spouses and dependents, Student and Exchange Visitor Program participants, and nonresident aliens claiming tax treaty benefits



# Certifying Acceptance Agents

- Certify accuracy of documents through face-to-face or live video electronic interview
- Attach Certificate of Accuracy
- Attach copies of the supporting documentation (original documentation or certified copy from the issuing agency for dependents)



# How to Become a CAA

- Open season: May 1 – August 31
  - Mandatory CAA training
  - Application Form 13551
  - Preparer Tax Identification Number
  - Forensic training and certificate of completion



# Select Taxpayer Assistance Centers

- Can certify documents for primary, secondary and dependent taxpayers who appear in person.
- Only passports and national ID cards
- <http://www.irs.gov/uac/TAC-Locations-Where-In-Person-Document-Verification-is-Provided>





# U.S. Tax Attaches

- Can certify all 13 types of approved ITIN ID for all applicants appearing in person
- Three locations:
  - Frankfurt, Germany
  - London, England
  - Paris, France



# Exceptions – Military Spouses and Dependents

- Do not have to provide original documents
- Provide a copy of the spouse or parent's U.S. military identification, or apply from an overseas APO/FPO address



# Exceptions - Student and Exchange Visitor Program

- Can apply through a university, college
- Includes applications for the primary applicant, the applicant's spouse and dependents



# Exceptions – Tax Treaty Benefits

- Applies to nonresident aliens applying for ITINs to claim tax treaty benefits
- Allows them to submit notarized copies
- Allows them to forgo sending in original documentation if a CAA certifies documentation (must submit a copy)
- Does not apply if the ITIN application accompanies a U.S. tax return



# How CAAs can Assist Clients

- Discuss their client's ITIN application matters with the IRS
- Ask for reasons why the application was suspended or rejected
- Can contact the ITIN Operations in Austin, TX directly



# Suspension and Rejection Notices

- CP 566, ITIN Suspension Notice
- CP 567, ITIN Rejection Notice



# Reasons for Suspension

- Thirty-eight reason codes
  - Provided in IRM 3.21.263.4.8.1 (11-08-2013)
  - Identify which document was invalid
- Unclear that income belonged to the applicant



# PATH Act changes ITIN program

- Changes require some taxpayers to renew their ITINs beginning October 2016
- IRS putting in place a rolling renewal schedule
- No action needed by ITIN holders if they don't need to file a tax return in 2017
- Taxpayers with expired ITINs not renewed before the 2017 filing season could face refund delays and be ineligible for certain tax credits such as Child Tax Credit and AOTC





# Who has to renew ITINs?

- Unused ITINs
  - ITINs not used on a federal income tax return in the last three years (covering 2013, 2014 or 2015) won't be valid to use on returns as of Jan. 1, 2017
  - ITIN holders in this group who need to file a tax return in 2017 need to renew their ITINs
  - Renewal period begins Oct. 1, 2016



# Who has to renew ITINs?

- Expiring ITINs
  - ITINs issued before 2013 will begin expiring in 2016
  - Renew ITINs on a rolling schedule; more info this schedule to come
  - First ITINs expiring have middle digits of 78 or 79 (example: 9XX-78-XXXX)
  - The renewal period begins Oct. 1, 2016
  - IRS letters starting August 2016 explaining renewal steps



# Options to renew ITINs

- Option 1
- Complete and mail to the IRS Form W-7, *Application of IRS Individual Taxpayer Identification Number*
- Use Rev 9-2016
- Follow form's instructions and include all information and original, or certified copies of documentation, required
- Don't attach a tax return to W-7
- Documents returned within 60 days



# Options to renew ITINs

- Option 2
  - Avoid mailing original proofs of identity and foreign status documents by:
    - Completing Form W-7 and applying for an ITIN in-person using the services of an IRS-authorized Certified Acceptance Agent
    - Call and make an appointment to visit an IRS Taxpayer Assistance Center
  - After processing, ITINs issued by mail in about seven weeks for both options



# Dependents' passports lacking entry date into U.S.

- Beginning Oct. 1, 2016, IRS won't accept dependents' passports lacking a date of entry into U.S. as stand-alone document
  - Exceptions: dependents from Canada, Mexico or dependents of overseas military
- Submit with passports U.S. medical records for dependents under six or U.S. school records for dependents under 18
- Dependents 18 or over submit rental/bank statement or a utility bill listing: name, U.S. address, with passport



# Family options for ITIN renewals

- Individuals in first wave of renewals can choose to renew the ITINs of all their family members at the same time rather than doing them separately over several years
  - Family members include the tax filer, spouse and any dependents claimed on their tax returns
- More information about this to come in the future



# Who to call for help?

- Check on the status of an ITIN application after seven weeks of submitting Form W-7, call the IRS:
  - Toll-free at 800-829-1040 inside the U.S.
  - Non toll-free at 267-941-1000 outside the U.S.



# Taxpayer Advocate Service

- How TAS can help:
  - Determine the status of claim and whether timeframes are being met
  - Ask IRS to re-evaluate the application based on additional information





# TAS Criteria

1. Taxpayer experiencing or about to suffer economic harm
2. Taxpayer facing immediate threat of adverse action
3. Taxpayer will incur significant costs (including fees for professional representation) if relief is not granted
4. Taxpayer will suffer irreparable injury or long-term adverse impact if relief is not granted



# Contact TAS

- [www.TaxpayerAdvocate.irs.gov](http://www.TaxpayerAdvocate.irs.gov)
- [www.youtube.com/tasnta](http://www.youtube.com/tasnta)
- [www.facebook.com/YourVoiceAtIRS](http://www.facebook.com/YourVoiceAtIRS)
- [twitter.com/YourVoiceatIRS](https://twitter.com/YourVoiceatIRS)
- [www.taxpayeradvocate.irs.gov/2012-Annual-Report](http://www.taxpayeradvocate.irs.gov/2012-Annual-Report)
- Call 877.777.4778
- File Form 911, *Request for Taxpayer Advocate Service Assistance*



# Contact the IRS

- Call the IRS with tax questions at:  
1-800-829-1040
- *TeleTax Topics* - Call 1-800-829-4477 to listen to pre-recorded messages covering various tax topics
- Visit IRS website at [www.IRS.gov](http://www.IRS.gov)

