



Wage & Investment

**STAKEHOLDER PARTNERSHIPS,
EDUCATION & COMMUNICATION**

Individual Taxpayer Identification Number (ITIN)



Introduction

Revisions to Internal Revenue Code 6109 created the process for issuing an IRS Individual Taxpayer Identification Number to individuals who require a Taxpayer Identification Number for federal tax purposes, but who do not qualify for a Social Security Number.



Objectives

- Define an ITIN and explain its purpose
- Determine who needs an ITIN
- Identify and explain the special rules that apply to dependents and spouses
- Distinguish an Acceptance Agent (AA) from a Certifying Acceptance Agent (CAA)



Objectives (continued)

- Determine where to submit **Form W-7/W-7(SP)**
- Determine what documentation needs to be attached to the ITIN application
- Determine how a tax return should be prepared when the taxpayer has an ITIN/SSN mismatch using TaxSlayer software
- Identify resources for more information



What is an ITIN?

An ITIN is:

- A tax processing number, issued by the IRS, for certain resident and non-resident aliens, their spouses, and dependents;
- All valid ITINs are a nine-digit number in the same format as the SSN (9XX-8X-XXXX), begins with a “9” and the 4th and 5th digits range from 50 to 65, 70 to 88, 90 to 92, and 94 to 99.
- Individual Taxpayer Identification Numbers (ITINs) that haven’t been included on a U.S. federal tax return at least once in the last three consecutive tax years will expire.



Purpose of ITINs

- ITINs are IRS assigned numbers issued only for federal tax administration purposes .
- ITINs provide a means to efficiently process and account for tax returns and payments for those not eligible for Social Security Numbers.
- ITINs assist the IRS with collection of taxes from foreign nationals, nonresident aliens and others who have filing or payment obligations under U.S. tax law.



Purpose of ITINs, Cont...

ITINS do NOT

- Entitle the recipient to Social Security benefits or replace an SSN.
- Qualify an applicant for ALL credits
- Change the individual's immigration status
- Give the individual the right to work in the U.S.
- Serve as identification outside the federal tax system.



Who Needs an ITIN?

Any individual who is not eligible to obtain a SSN, but must furnish a taxpayer identification number to the IRS for tax filing or reporting purposes.



Who Needs an ITIN? (continued)

Examples

- A nonresident alien individual claiming reduced withholding under an applicable income tax treaty for which an ITIN is required.
- A nonresident alien individual not eligible for an SSN who is required to file a U.S. federal tax return or who is filing a U.S. federal tax return only to claim a refund.
- A nonresident alien individual not eligible for an SSN who elects to file a joint U.S. federal tax return with a spouse who is a U.S. citizen or resident alien.



Who Needs an ITIN? (continued)

Examples (continued)

- A nonresident alien student, professor, or researcher who is required to file a U.S. federal tax return but who isn't eligible for an SSN, or who is claiming an exception to the tax return filing requirement.



Who Needs an ITIN? (continued)

Examples (continued)

- A dependent/spouse of a nonresident alien U.S. visa holder, who isn't eligible for an SSN.

Note: The Tax Cuts & Jobs Act suspended deductions for personal exemptions for tax years 2018 through 2025. For tax years after December 31, 2017, spouses or dependents are not eligible for an ITIN unless they qualify for an allowable tax benefit or are filing their own tax return. The individual must be listed on an attached U.S. federal tax return with the schedule or form that applies to the allowable tax benefit.

This should not impact students applying under reason “f” on Form W-7, or their spouses or dependents who also apply under reason “f” under Exception criteria.



Allowable Tax Benefit

An allowable tax benefit includes a spouse filing a joint return, Head of Household Filing Status (HOH), American Opportunity Tax Credit (AOTC), Premium Tax Credit (PTC), Child and Dependent Care Credit (CDCC) or Credit for Other Dependents (ODC).

Head of Household (HOH). An ITIN applicant who is a qualifying child or qualifying relative, other than your parents, who lived with you for more than half the year and meets certain other tests, or a parent may be a qualifying person for HOH. See Publication 501, for more information.

American Opportunity Tax Credit (AOTC). If Form W-7 is submitted to claim AOTC, then an attached tax return and Form 8863 that list the applicant are required.. See Publication 970, for more information.

Premium Tax Credit (PTC). If Form W-7 is submitted to claim PTC, then an attached tax return, Form 1095-A and Form 8962 that lists the applicant are required. See Publication 974, for more information.



Allowable Tax Benefit (continued)

Child and Dependent Care Credit (CDCC). If Form W-7 is submitted to claim CDCC, then an attached tax return and Form 2441 that list the applicant are required. An ITIN may be assigned to an alien dependent from Canada or Mexico if expenses are paid or incurred in the care of a qualifying individual. See Publication 503, for more information.

Other Dependent Credit (ODC). If Form W-7 is submitted to claim ODC, the applicant must be listed on an attached tax return with the **"Credit for other dependents" box checked** next to their name and prove U.S. residency or be a U.S. National. Dependent relatives may be your child or other qualifying relatives excluding your spouse. See Publication 972, for more information.



Substantial Presence Test

This test determines if the individual is a resident or nonresident for tax purposes. To meet this test, you must be physically present in the United States on at least:

- 31 days during the current year, and
- 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - ✓ All the days you were present in the current year, and
 - ✓ 1/3 of the days you were present in the first year before the current year, and
 - ✓ 1/6 of the days you were present in the second year before the current year.



Rules For Dependents

Only residents of the following countries may be able to claim an exemption or related credit for their dependents on a U.S. federal income tax return:

- United States
- Canada
- India
- Mexico
- Republic of Korea (South Korea)

NOTE: The exemption amount for all taxpayers is ZERO starting with tax years beginning January 1, 2018 through 2025. However, taxpayers with qualifying dependents who live with them in the U.S. may qualify for the Other Dependent Credit.



Who is Not Eligible for an ITIN?

- U.S. citizens
- Aliens with visas permitting them to work in the U.S. (qualify for a SSN)
- Permanent legal resident of the U.S. (Green card holder, also known as Permanent Resident Card)
- Any individual with a valid SSN
- Applicant not meeting the criteria for residency and/or ID documentation (who failed to prove identity and foreign status)



How to Apply for an ITIN?

Each person who requires an ITIN must file a separate **Form W-7/ W-7(SP)** and provide supporting documentation that established identity and connection to a foreign country (foreign status).





How to Apply for an ITIN?

- **Form W-7/ W-7(SP)** must be completed and accompanied by supporting documentation and a U.S. federal income tax return. The applicant's name must match the name as it appears on their identifying documents. This is also the name that should be used on the tax return.

***NOTE:** There are exceptions to the requirement to include a U.S. federal tax return. If you claim one of these exceptions, you must submit the documentation required (as listed in the instructions for Form W-7) instead of a tax return.*

- **Form W-2, Wage and Tax Statement**, must have the same name that appears on the federal tax return submitted with Form W-7.



ITIN Documentation

Documents substantiating proof of identity and foreign status must be:

- Original, or
- Certified* copies

* Certified copies of documents submitted to prove “identity” and “foreign status” must bear an original, authentic stamp/seal placed by the issuing agency. Documents displaying a photocopied seal or stamp are not acceptable and will be returned to the applicant.



When to Attach Federal Tax Return to Form W-7/W-7(EN/SP)

If any of the exceptions listed below apply, there is no requirement to attach a U.S. Federal income tax return to **Form W-7/ W-7(SP)**:

1. Third Party Withholding on Passive income – Treaty benefits or third party withholding
2. Other income - Treaty benefits - (See Pub. 1915 for more specific information on all types of income)
3. Third Party reporting – Mortgage interest



When to Attach Federal Tax Return to Form W-7/W-7(EN/SP) (continued)

4. Third Party withholding – Disposition by a foreign person of U.S. real property interest.
5. TD-9363 – Treasury Directive 9363 with Form W-7 and supplemental documentation.

For additional information on exceptions, see **Pub. 1915** or **Form W-7/ W-7(SP)** instructions.



Acceptable Documentation for ITIN

There are 13 acceptable documents that can be used to obtain an ITIN.

However, an original passport, or a certified copy* of a valid (unexpired) passport is the only document needed that does not require a second document. It is the only stand-alone document**.

- Copies of a passport must include the U.S. visa pages if reason for applying is box “f” or “g”.

**** Proof of U.S. residency for applicants who are dependents.**

A passport that doesn't have a date of entry into the United States will not be accepted as a stand-alone identification document for dependents, unless they are a dependent of U.S. military personnel stationed overseas. In these cases, applicants will be required to submit at least one of the following original documents in addition to the passport to prove U.S. residency.



Acceptable Documentation for ITIN (cont.)

Dependents who apply under Reason "d" and are not dependents of U.S. Military personnel stationed overseas will be required to submit additional original documentation, beyond the supporting documentation, as proof of U.S. residency.

- ✓ **If under 6 years of age:** A U.S. medical record, U.S. school record or U.S. state ID card that lists the applicant's name and U.S. address, or a U.S. visa.
- ✓ **If at least 6 but under 18 years of age:** A U.S. school record, or a U.S. state ID card or driver's license that lists the applicant's name and U.S. address, or a U.S. visa.
- ✓ **If 18 years of age or older:** A U.S. school record, rental statement from a U.S. property, utility bill for a U.S. property, U.S. state ID card or driver's license or U.S. bank statement that lists the applicant's name and U.S. address, or a U.S. visa.



Acceptable Documentation for ITIN (cont.)

- United States Citizenship and Immigration Services (USCIS) photo identification
- Visa issued by the U.S. Department of State
- United States driver's license
- United States military identification card
- Foreign driver's license
- Foreign military identification card
- National identification card (must contain name, photograph, address, date of birth, and expiration date)



Acceptable Documentation for ITIN (cont.)

- U.S. State identification card
- Foreign voter's registration card
- Civil birth certificate (required for dependents under age 18, unless a passport is provided)
- Medical records (valid only for dependents under age 6)
- School Records (valid only for dependents under age 18, if a student)

NOTE: See Form W-7 Instructions or IRS Publication 1915, *Understanding Your IRS Individual Taxpayer Identification Number*, for specific required elements for medical and school records.



Acceptable Documentation for ITIN (cont.)

- Two or more documents from the list of acceptable documents must be submitted, in lieu of a valid passport.
- At least one of the documents must contain a photograph* . The documents must support claim of foreign status and identity.
- See Publication 1915, or Form W-7/ W-7(SP) instructions for additional information on acceptable documents.

** Not required for minors under 14 years of age, or under 18 years of age, if a student.*



If Documents are in a Foreign Language

- Attach certified translation and document in foreign language to the ITIN application
- Certified translations **MUST** be;
 - ✓ attached to the supporting identification documentation,
 - ✓ signed by the official performing the translation, and
 - ✓ sealed.

NOTE: This is not an upfront requirement. Applicants may subsequently be requested to provide a certified translation of foreign language documents.



Examples of Foreign Documents

The following two slides are examples of foreign documents (birth certificates) you might see...

REGISTRO CIVIL
OFICIALIA PRIMERA
CD. ACUÑA, COAH.



How to Submit a NEW ITIN Application

Include the following with your application package:

1. Your completed **Form W-7**.
2. Your original tax return(s) for which the ITIN is needed. Attach **Form W-7** to the front of your tax return. If you're applying for more than one ITIN for the same tax return (such as for a spouse or dependent(s)), attach all **Forms W-7** to the same tax return.
3. Original documents, or certified copies of these documents from the issuing agency, required to support the information provided on **Form W-7**. The required supporting documentation must be consistent with the applicant's information provided on Form W-7.

* Refer to **Form W-7** Instructions for information on renewing an ITIN.



Where to Submit a NEW ITIN Application:

By Mail: Internal Revenue Service
ITIN Operation
P.O. Box 149342
Austin, TX 78714-9342

By Private Delivery:
Internal Revenue Service
ITIN Operation
Mail STOP 6090-AUSC
3651 S. Interregional, Hwy 35
Austin, TX 78741-0000



Where to Submit a **NEW ITIN Application:**

In Person: Visit an IRS Taxpayer Assistance Center.

NOTE: Designated IRS Taxpayer Assistance Centers (TACs) can verify original documentation and certified copies of the documentation from the issuing agency for all ITIN applicants. For dependents, TACs can only verify passports, national identification cards, and birth certificates. These documents will be returned to you immediately. Service at TACs is by appointment only. Appointments can be scheduled by calling 1-844-545-5640. See *www.irs.gov/uac/tac-locations-where-in-person-document-verification-is-provided* for a list of designated TACs that offer ITIN document authentication service.

Through an Acceptance Agent: Application can be submitted through an Acceptance Agent authorized by the IRS. To obtain a list of authorized Acceptance Agents in your area, visit the IRS website at <https://www.irs.gov/individuals/international-taxpayers/acceptance-agent-program>



Where to Submit a NEW ITIN Application

(cont.)

Student and Exchange Visitor Program(SEVP)*

- SEVP participants, spouses and dependents (F, J, or M Visa who receive taxable scholarship, fellowship or grants reportable by the school on Form W-2 OR 1042-S) may apply using a streamlined process, through SEVP approved institutions, which include many universities and colleges.
- A certification letter, in lieu of submitting original or certified documents, must be prepared by the SEVP institution and must meet specifications.
- The Form W-7 application must be submitted to the Austin ITIN Operation by a SEVIS official (i.e. DSO, RO, etc.) with the certification letter, copy of identity and foreign status documents, copy of DS-2019 - *Certificate of Eligibility for Exchange Visitor Status (J-1 Status)*, copy of I-20 - *Certificate of Eligibility for Nonimmigrant Status*,.* The SEVP Streamlined Process is currently under review and subject to change.



Additional Information

- **Extension Request** - If an extension of time to file, is sent prior to receiving the ITIN, write “ITIN requested” wherever the ITIN/SSN is required. Requests for extensions should be sent to the IRS Austin ITIN Operation.
- **Estimated Tax Payment** - If an estimated tax payment is sent prior to receiving the ITIN, write “ITIN requested” wherever the ITIN/SSN is required.
- **Address change for ITIN taxpayer** - Advise taxpayer to complete **Form 8822** or signed letter with the previous and new addresses and mail to Austin ITIN Operations. It's important that IRS is aware of your current mailing address. This address is used to mail notices about your Form W-7, including notification of your assigned ITIN, and return your original supporting documentation. If you move before you get your ITIN, notify us of your current mailing address immediately, so we may update our records.



Processing the NEW ITIN Application

- IRS ITIN Operations in Austin will record the newly assigned ITIN/s on the return(s), forward the return(s) for processing, and send an ITIN Assignment Notice (CP-565) to the applicant and a copy to the Certifying Acceptance Agent, if applicable.
- ITIN cards have not been issued since January 2004, but many taxpayers have them and they are still considered valid.



Processing the NEW ITIN Application (cont.)

- Allow 7 weeks to process an ITIN application.
- Allow 9 to 11 weeks to process ITIN applications submitted during peak processing periods (i. e. January 15 through April 30) or if filing from overseas.



Acceptance Agents

- **Acceptance Agents (AA)** are persons (individuals or entities (colleges, financial institutions, accounting firms, etc.) who have entered into formal agreements with IRS permitting them to assist applicants in obtaining ITINs.
- **Certifying Acceptance Agents (CAAs)** are individuals or entities who assume a greater responsibility in facilitating the ITIN application process.
 - ❑ Some of the responsibilities and benefits of a CAA include:
 - ✓ Authenticate original documentation and certified copies of the documentation from the issuing agency for primary and secondary applicants and their dependents, except for foreign military identification cards. For dependents, CAAs can only verify passports and birth certificates,
 - ✓ 3 year retention requirement for W-7 application packages, subject to Compliance Reviews,
 - ✓ Receive copy of all IRS Correspondence pertaining to submitted W-7 applications etc.



Acceptance Agents (cont.)

- Persons acting as an AA/CAA may charge a fee* for their services, IRS does not.
- Revenue Procedure 2006-10 provides guidelines for the IRS Acceptance Agent program.

* CAAs approved under the SPEC CAA Program are prohibited from charging a fee for their services.



How to Apply to Become a Certifying Acceptance Agent

1. Complete **Form 13551**, *Application to Participate in the IRS Acceptance Agent Program*, and attach a fingerprint card (if applicable).
2. Complete the mandatory ITIN Acceptance Agent Training located online at: http://www.irs.gov/pub/irs-utl/itin_aa-cao_online_pre-applicationtraining.ppt
3. Print, sign and attach the certification form from Step 2 for each authorized representative (person listed in block 5 of the application) to the **Form 13551** being submitted.
4. Complete the *Forensic Training* provided free of charge through the SPEC organization online at <https://www.webcaster4.com/Webcast/Page/1104/21105>.



How to Apply to Become a Certifying Acceptance Agent (cont.)

AFTER completing all required training:

- Notify your Relationship Manager .
- A mandatory Questions & Answers session will be scheduled after you have taken the *Forensic Training*. Your Relationship Manager will provide you the date and time of the conference call once it is scheduled.
- The ITIN Program Office will be advised when you have completed the Forensic Training and attended the Questions & Answers conference call.

Contact your Relationship Manager for additional requirements for remaining in the program.



Processing Time for Form 13551

- It may take up to 120 days to process Form 13551, provided that all required information was submitted and there are no discrepancies that must be resolved.
- After allowing the 120 day processing time, applicants may inquire about the status of the application.
- The ITIN Program Office can be contacted by e-mail at: ITINProgramOffice@irs.gov



ITIN/SSN Mismatch

What is an ITIN/ SSN mismatch?

- ITIN holders frequently file tax returns under their ITIN with attached Forms W-2 showing erroneous or questionable Social Security Numbers or Names. This creates an ITIN/SSN mismatch.
- These taxpayers are not eligible for EITC, CTC, or ACTC.
- Returns prepared with an ITIN/ SSN mismatch can be filed electronically.



Summary

- **Form W-7/ W-7(SP)** is used to apply for an IRS Individual Taxpayer Identification Number.
- The ITIN will be in the format of the Social Security Number (SSN) and begin with the number “9”. The 4th and 5th numbers will range from 50 to 65, 70 to 88, 90 to 92 and 94 to 99.



Summary (continued)

- The ITIN is issued only for federal tax purposes.
- Any resident or nonresident alien, who is required to file a U.S. federal tax return, or can be claimed as a dependent on a tax return, and who does not qualify for an SSN, must apply for an ITIN.
- Only residents of the U.S., Canada, India, Mexico or South Korea may claim an exemption for their spouses and their dependents. Beginning January 1, 2018, the amount for the exemption deduction will be **zero**.
- An ITIN does not alter an individual's immigration status.
- An ITIN does not authorize an individual to legally work in the U.S.



Summary (cont.)

- An ITIN does not entitle the applicant to Social Security benefits.
- An individual with an ITIN does not qualify for EITC.
- Children with an ITIN do not qualify for the EITC, nor the Child and Additional Child Tax Credit; however they may qualify for the Other Dependent Credit, if they reside in the U.S.



IRS Reference Materials

- **Form W-7**, *Application for IRS Individual Taxpayer Identification Number*
- **W-7(SP)**, *Solicitud de Numero de Identificacion Personal del Contribuyente del Servicio de Impuestos Internos*
- **Publication 1915**, *Understanding Your IRS Individual Taxpayer Identification Number*
- **Publication 1915(SP)**, *Entendiendo Su IRS Numero de Identificacion Personal del Contribuyente*
- **Publication 519**, *U.S. Tax Guide for Aliens*