

## IRM PROCEDURAL UPDATE

**DATE: 09/10/2013**

**NUMBER: WI-03-0913-1444**

**SUBJECT: Self-Generated Income Statements from Amazon and Ensuring Docs in Envelope belong to Applicant**

**AFFECTED IRM(s)/SUBSECTION(s): 3.21.263**

**CHANGE(s):**

**IRM 3.21.263.4(5), Added reminder to ensure all ID in envelope belongs to the applicant.**

5. Each Austin SP ITIN employee is responsible for creating a correct product including correcting errors identified in a subsequent handling if incorrect on initial input.

**EXAMPLE:** An ITIN tax examiner (TE) working Correspondence inventory has a CP 566 response for a missing signature (S-14). When reviewing the applicant's birth certificate to determine the name of the parents, the CP TE determines the birth certificate is questionable. The CP TE must go into RTS and make the birth certificate invalid. This will generate R 44 status together with S 02, S 14 and S 29.

**REMINDER:** Ensure that the identification documents (ID) in the envelopes belong to the application. If unable to locate an application for the ID in question, refer them to your lead.

**IRM 3.21.263.5.3.4.3(3), Added note that self-generated income statements from web addresses are not valid income documents.**

3. The table below lists some of the common Exception Documentation that Tax Examiners may encounter during processing and provides a general description. Refer to IRM 3.21.263.5.3.5.2 for specific requirements on Exception Criteria.

<b>Exception Document</b>	<b>Description</b>	<b>Exception No.</b>
Partnership Agreement	Legal document that identifies the applicant's partnership interest in a company doing business in the U.S.	1a

<b>NOTE:</b> May be included in a Certificate of Accuracy (COA).	Valid documents must include the applicant's name, partnership's name and EIN.	
Letter from financial institution for business account holder	Letter identifies business account holder by name and confirms ownership of interest bearing account subject to information reporting or federal tax withholding for current year.	1b
Letter from financial institution for individual account holder	Letter identifies individual account holder by name and confirms ownership of interest bearing account subject to information reporting or federal tax withholding for current year.	1c
Letter or document from withholding agent (investment or insurance company, financial institution, rental agent, etc.)	Letter identifies owner of asset (pensions, annuities, rental income, royalties, dividends etc.) that generates income subject to information reporting or federal tax withholding for current year.  <b>NOTE:</b> Income statements self-generated from a web site (for example, Amazon) and filled in by the taxpayer are not considered a valid document from the withholding agent. See IRM 3.21.263.8.3.2.2 "Remarks".	1d
Employment contract or letter	Contract or letter of employment or request for speaking engagement (honoraria)	2a
Form 8233	Exemption from withholding on Compensation for Independent (and Certain Dependent) Personal Service of a Non-Resident Alien individual (generally foreign scholars, professors, researchers etc.)	2a
Central Withholding Agreement (CWA)	Typically submitted by P1–P2 visa holders (entertainers and athletes). Document list applicant's name and identifies the withholding agent.	2a
College contract or award letter	Official notification from educational institution awarding the non-	2b or 2c

	compensatory scholarship, fellowship, or grant.	
Designated School Official (DSO) Letter	Notification from authorized party at educational institution that either the applicant will not be securing employment in the U.S. nor receiving income from personal services or applicant is receiving non-compensatory income from scholarships, fellowships, or grants that is subject to IRS information reporting or withholding for the current year.	2b or 2c
U.S. visa	Usually recorded in U.S. passport pages	2b or 2c
SSA Reject Letter	Letter from the SSA that advises the applicant, by name, is not eligible for a SSN.	2a, 2b or , 2c
Form W-8BEN	Beneficial Owner's Certificate of Foreign Status for U.S. Tax Withholding (foreign students, researchers, professors, visitors at casinos)	2b or 2d
Home Mortgage Loan Document or Loan Commitment Letter	Document that identifies the applicant as the borrower on a home mortgage loan or letter of approval for the applicant on a home mortgage loan.	3
Contract of Sale of Real Property	Document must identify the applicant and a U.S. Real Property sale.  <b>CAUTION:</b> If Exception 3 is not specified or there is no mortgage listed in the contract, treat as Exception 4. Pull from batch for FIRPTA referral.	3 or 4
Form 8288 Series	"U.S. Withholding Tax Return for Disposition by Foreign persons of U.S. Real Property Interest"; "Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interest"; "Application for Withholding Certificate for Dispositions by Foreign Person of U.S. Real Property Interest."	4
Broker's Listing Agreement	Listing agreement or similar document that identifies the applicant as the seller of the real property.	4
Form 13350	Registration for e-Services. Used by	5

	applicants to comply with Treasury Decision 9363 (TD -9363).	
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**IRM 3.21.263.8.3.2.2(1), Added self-generated pay docs as an example to add to the Remarks Screen.**

1. Use the table below to input the reason for submitting the Form W-7 from the Form W-7 reason box area.

<b>W-7 Application Input Screen Content</b>	<b>Instruction</b>
Remarks	<p>The remarks field is used to enter information not captured on any other ITIN RTS field during initial input or during editing.</p> <p>Begin all entries in this field with the date in MMDDYY format and end the entry with two slashes (/). For example, "013110 Remarks //".</p> <p>Reasons for inputting Remarks include:</p> <ul style="list-style-type: none"> <li>○ Exception document is incomplete or invalid (for example, LLC EIN missing, 2a missing Form 8233, etc.)</li> <li>○ SEVP documentation incomplete, for example, SEVP letter is not dated or signed</li> <li>○ Exception one pay document is self-generated (for example, from Amazon). See IRM 3.21.263.5.3.4.3</li> <li>○ Driver's License annotated "Not for ID Purposes" - IRM 3.21.263.5.3.4.2</li> <li>○ MDR inquiries -IRM 3.21.263.5.9.8</li> <li>○ Form 8821 (TIA) - IRM 3.21.263.5.3.5.17</li> </ul>

- 1040 PR / SS tax return attached - IRM 3.21.263.8.3.1
- Questionable Documents - IRM 3.21.263.5.3.4.4 #
- Suspense Inventory unresolved conditions - IRM 3.21.263.5.10.5
- For additional original documents provided beyond the requirement that are on the list of thirteen, enter the corresponding document code in remarks. For example, enter "16" for U.S. Driver's License.
- For additional original documents provided beyond the requirement that are not on the list of thirteen, enter the document type in remarks. For example, "marriage license".
- Invalid returns with Form W-2s for another taxpayer (not the Form W-7 applicant's name) or the original name is whited-out or altered. See IRM 3.21.263.5.3.2.

Reason for submitting W-7

IRM 3.21.263.5.3.5.2

Choose one of the following check boxes:

- a. Nonresident alien required to obtain ITIN to claim tax treaty benefit
- b. Nonresident alien filing a U.S. tax return and not eligible for a SSN
- c. U.S. resident alien (based on days present in the United States) filing a U.S. tax return and not eligible for a SSN
- d. Dependent of U.S. citizen/resident alien
- e. Spouse of U.S. citizen/resident alien
- f. Nonresident alien student, professor, or researcher filing a U.S. tax return and not eligible for a SSN
- g. Dependent/spouse of a nonresident alien visa holder

h. Other

**CAUTION:** When "h" is selected and no other reason is also selected, a warning message will display: "Verify that no other reason for applying is required and ensure that Exception 3 or 4 is annotated in the write-in area".

**NOTE:** If Military Overseas is annotated, refer to "Exception" field below.

Enter the *Reason for Submitting W-7* as listed by the applicant.

**EXCEPTION:** If applicant provides a valid tax return but failed to check a reason box for applying or checked the incorrect box, correct the reason for applying by editing Form W-7 and enter on RTS. When in doubt, see your Lead.

If reason "g" is selected and applicant is from Canada or Mexico neither a passport or visa is required as long as the COB, COC, and foreign address match.

Other

Enter the other reasons for submitting a W-7 Application

If you make an entry in this field, you must make a corresponding selection from the Exception drop-down box that directly follows. For example, if the written entry was "To obtain a drivers License", select "Not valid for federal tax purposes" from the Exception drop-down box.

**NOTE:** There are some valid reasons (i.e. Norwegian Cruise Lines, Public Law 109, NCL) that do not appear in the

Exception drop-down list but should be captured in this field. Refer these applications to your Lead.

Exception

Choose one of the following from the drop down box:

- Exception 1. Passive income (Treaty benefits or third party withholding)
- Exception 2. Other income (wages, salary, compensation) - treaty benefits or foreign student receiving scholarship or fellowship).
- Exception 3. Third party reporting (mortgage interest).
- Exception 4. FIRPTA (Disposition by foreign person of U.S. real property interest).
- Exception 5. T.D. 9363.
- Military Overseas- Application is for a Spouse/Dependents of military personnel on a foreign base. Tax return and date of entry are not required.
- EIN - Effectively Connected Income (ECI) - Foreign individual with U.S. source (U.S. mailing address) business income seeking ITIN for EIN.
- EIN - Non-effectively Connected Income (NECI) - Foreign individual with Non - U.S. source (foreign mailing address) business income seeking ITIN for EIN.
- Deceased/Decedent-Valid selection for decedents and KITA.
- Not valid for federal tax purposes.

This drop-down box is located next to Reason for Submitting W-7 "Other" write - in box.

If the applicant checked box "d" or "e" and documentation shows the application originated from a U.S. military installation outside of the U.S., select "Military Overseas" (do not select Reason "h").

If request is for an EIN, select as appropriate either EIN -NECI (R 22) or EIN -ECI (R 23).

**NOTE:** Slovakia and Slovak Republic are the same country.

Has the exception documentation been verified?

Choose the appropriate check box,

**NOTE:** Only applies to exception criteria.

Select "yes" when any of the required exception documentation (valid or invalid) has been provided for the exception being claimed.

Select "no" when none of the required exception documentation (valid or invalid) has been provided.

Treaty Country

Select if Reason "a" is claimed.

Choose the appropriate treaty country from the drop down box.

**NOTE:** Slovakia and Slovak are the same country.

Treaty Article

Enter the Treaty Article Number.

First name of U.S. citizen/resident alien

Enter the first name of U.S. citizen/resident alien if reason box "d" or "e" is selected. Otherwise, leave blank

**NOTE:** If the primary is not an applicant, once you enter the name for one application, the system will auto-populate the

If the application is a part of a Family Pack that includes an application for the primary taxpayer (Reason "c"), enter the

first, middle and last name of the U.S. citizen/resident alien along with their SSN/ITIN when the reason for submitting the W-7 is (d)," Dependent of U.S. citizen/resident" **and** the application is part of a family pack.

name and ITIN of the primary taxpayer **exactly** as listed on RTS.

If the primary taxpayer is not applying for an ITIN, enter these fields using the name and TIN listed on the tax return. In both cases, this information must also be edited on Form W-7 if missing or incomplete.

Middle name of U.S. citizen/resident alien

Enter the middle name of U.S. citizen/resident alien

*See First Name of U.S. citizen/resident alien above*

Last name of U.S. citizen/resident alien

Enter the last name of the U.S. citizen/resident alien.

**NOTE:** do not enter suffixes if present

*See First Name of U.S. citizen/resident alien above*

SSN/ITIN of U.S. citizen/resident alien

Enter the SSN/ITIN of U.S. citizen/resident alien.

**NOTE:** Do not enter IRSNs in this field.

*See First Name of U.S. citizen/resident alien above*