



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.



- 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 Certified 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 TaxWise 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;
- 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 70 to 88, 90 to 92, 94 to 99, and 50 to 65.
- 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 Earned Income Tax Credit
- 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

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



Substantial Presence 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 2016, and
- 183 days during the 3-year period that includes 2016, 2015, and 2014, counting:
 - All the days you were present in 2016, and
 - 1/3 of the days you were present in 2015, and
 - 1/6 of the days you were present in 2014



Rule For Dependents

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

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

Resident Alien Rules for Dependents Canada and Mexico

Residents of Canada or Mexico, the dependent:

- Is not required to live in the U.S.
- Must meet all the other dependency tests



Nonresident Alien Rules for Dependents South Korea

- Nonresident aliens who are residents of Republic of Korea (South Korea) may claim a dependency exemption if the dependent lived with the nonresident alien in the U.S. any part of the year and met the other dependency tests.
- Additional deduction for the exemption must be prorated based on ratio of alien's U.S. source gross income effectively connected with U.S. trade or business to the alien's entire income from all sources during the year.





Nonresident Alien Rules for Dependents India

- A nonresident alien student or business apprentice who is eligible for the benefits of Article 21(2) of the U.S.- India Tax Treaty may be able to claim an exemption for their dependents.
- Exemption for the dependents not admitted to U.S. on a “F-2”, “J-2” or “M-2” visa can be claimed if they meet the same rules that apply to U.S. citizens.
- The names of the dependents and the appropriate totals should be entered on Line 7C of Form 1040NR.



Special Rules for Spouses

Generally, a nonresident alien engaged in a trade or business in the U.S. can only claim their own personal exemption. There are exceptions for the following countries:

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

Special Rules for Spouses Canada and Mexico

A nonresident who is a resident of Mexico or Canada can claim a spousal exemption if:

- The spouse does not have gross income for U.S. tax purposes, and
- Cannot be claimed as a dependent on another U.S. federal tax return

Note: *The spouse is not required to live in the U.S.*





Special Rule for Spouses Republic of Korea (South Korea)

- A nonresident alien who is a resident of Republic of Korea (South Korea) can claim the spousal exemption for their spouse if the spouse lived in the U.S. at some time during that tax year.
- Additional deduction for the exemption must be prorated based on ratio of alien's U.S. source gross income effectively connected with U.S. trade or business to the alien's entire income from all sources during the year.

Special Rules for Spouses

India



- A nonresident alien student or business apprentice who is eligible for the benefits of Article 21(2) of the U.S.-India Tax Treaty may be able to claim an exemption for their spouse.
- Exemption for the spouse can be claimed if he or she had no gross income during the year and cannot be claimed as a dependent on another U.S. taxpayer's return.
- The name of the spouse and the appropriate total should be entered on Line 7C of Form 1040NR.



Who is Not Eligible for an ITIN?

- U.S. citizens
- Aliens with work visas that qualify them 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.
 - *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 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(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(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, Form 13350 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.

- 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.

The passport is no longer a stand-alone document for certain dependents if no date of entry into the United States is present. Effective October 1, 2016, a passport that doesn't have a date of entry will no longer be accepted as a stand-alone identification document for certain dependents.

Dependents who apply under Reason "d" and are not from Canada, Mexico, or dependent of U.S. Military personnel overseas will be required to submit additional documentation, beyond the supporting documentation, as proof of residency.

- **If under 6 years of age:** A U.S. medical record that lists the applicant's name and U.S. address.

- **If under 18 years of age:** A U.S. school record that lists the applicant's name and U.S. address.

- **If 18 years of age or older:** U.S. school records, rental statement, utility bill, or bank statement that lists the applicant's name and U.S. address.

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

Acceptable Documentation for ITIN

(continued)

- 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



Acceptable Documentation for ITIN

(continued)

- 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 (**dependents only-under age 6**)
- School Records (dependents under age 18 if a student)

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

(continued)

- Two or more documents from the list of acceptable documents must be submitted.
- At least one of the documents must contain a *photograph . The documents must support claim of foreign status and identity.

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



Acceptable Documentation for ITIN

(continued)

See Publication 1915, or Form W-7/W-7(SP) instructions for additional information on acceptable documents.





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.



ESTADOS UNIDOS MEXICANOS
REGISTRO CIVIL

No. DE CONTROL
Nº 063763

EN NOMBRE DEL ESTADO LIBRE Y SOBERANO DE COAHUILA DE ZARAGOZA
Y COMO OFICIAL PRINCIPAL DEL REGISTRO CIVIL EN CIUDAD ACUÑA COAHUILA
CERTIFICO: QUE EN EL LIBRO No. I TOMO IV DEL ARCHIVO DE CIUDAD ACUÑA COAHUILA
EN LA HOJA No. 320 SE ENCUENTRA ASENTADA EL ACTA No. 1529
DE FECHA 06/08/1977 LEVANTADA POR EL C. OFICIAL G. PAUL BERLANDIA GARCIA
DEL REGISTRO CIVIL, CON RESIDENCIA EN CIUDAD ACUÑA COAHUILA
EN LA CUAL SE CONTIENEN LOS DATOS SIGUIENTES:

ACTA DE NACIMIENTO

NOMBRE [Redacted]
FECHA DE NACIMIENTO [Redacted]
PRESENTADO: VIVO [X] MUERTO [] SEXO: MASCULINO [] FEMENINO [X]
LUGAR DE NACIMIENTO [Redacted]
COMPARECIO: EL PADRE [X] LA MADRE [] AMBOS [] PERSONA DISTINTA [] REGISTRADO []

PADRES

NOMBRE [Redacted] EDAD [Redacted] NACIONALIDAD [Redacted]
LUGAR DE NACIMIENTO [Redacted] DOMICILIO [Redacted] OCUPACION [Redacted]
NOMBRE [Redacted] EDAD [Redacted] NACIONALIDAD [Redacted]
LUGAR DE NACIMIENTO [Redacted] DOMICILIO [Redacted] OCUPACION [Redacted]

ABUELOS PATERNOS

NOMBRE [Redacted] (SEPADA) NACIONALIDAD [Redacted]
DOMICILIO [Redacted] OCUPACION [Redacted]
NOMBRE [Redacted] (SEPADA) NACIONALIDAD [Redacted]
DOMICILIO [Redacted] OCUPACION [Redacted]

ABUELOS MATERNOS

NOMBRE [Redacted] NACIONALIDAD [Redacted]
DOMICILIO [Redacted] OCUPACION [Redacted]
NOMBRE [Redacted] NACIONALIDAD [Redacted]
DOMICILIO [Redacted] OCUPACION [Redacted]

TESTIGOS

NOMBRE [Redacted] NACIONALIDAD [Redacted]
DOMICILIO [Redacted] OCUPACION [Redacted] EDAD [Redacted]
NOMBRE [Redacted] NACIONALIDAD [Redacted]
DOMICILIO [Redacted] OCUPACION [Redacted]

PERSONA DISTINTA A LOS PADRES QUE PRESENTA AL REGISTRADO

NOMBRE [Redacted] PARENTESCO [Redacted]
NACIONALIDAD [Redacted] DOMICILIO [Redacted]
OCUPACION [Redacted] EDAD [Redacted]

SE EXTIENDE ESTA CERTIFICACION, CON FUNDAMENTO EN LOS ARTICULOS 48 DEL CODIGO CIVIL VIGENTE
EN EL ESTADO Y 3º, 4º, 5º Y DEMAS RELATIVOS DE LA LEY REGLAMENTARIA DEL REGISTRO CIVIL PARA EL
ESTADO DE COAHUILA, EN (02) AGOSTO LOS (17) DIAS DEL MES DE (1977) DE (1977)

EL C. OFICIAL PRINCIPAL DEL REGISTRO CIVIL DOY FE.

[Redacted]
NOMBRE

[Signature]
FIRMA



REGISTRO CIVIL
OFICIALIA PRIMERA
CD. ACUÑA, COAH.

ASIENTA ESTA CERTIFICACION EL C. OFICIAL PRINCIPAL

[Signature]
RUBRICA



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.
- * 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

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/>



Where to Submit a **NEW ITIN** **Application?** (continued)

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 and mail to Austin ITIN Operation.



Processing the 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** (continued)



- 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.
- Certified Acceptance Agents (CAAs) are individuals or entities who assume a greater responsibility in facilitating the ITIN application process".
 - You also need to identify some of those responsibilities and benefits;
 - Authenticate documentation,
 - 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 (continued)

- 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 an 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 on IRS.gov .
3. Attach the mandatory AA Training certificate of completion to Form 13551. Print, sign and date the training certification statement and attach one for each authorized representative(person listed in block 5 of Form 13551).
4. Complete Forensic Training (CAAs Only) and attach original certificate of completion from the vendor.

*** Forensic training is provided annually to SPEC CAAs at no charge.**



Processing Time for Form 13551

- It takes approximately 120 days to process Form 13551.
- 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 only 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. This creates an ITIN/SSN mismatch.
- These taxpayers are not eligible for EITC.
- 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 “70-88”, “90-92”, “94-99”, and “50-65”.



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.



Summary (continued)

- Only residents of the U.S., Canada, India, Mexico or South Korea may claim an exemption for their spouses and their dependents, if special rules are met.
- 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 (continued)

- 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 EITC; however, they may qualify for the Child Tax Credit and Additional Child Tax 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*



IRS Reference Materials (continued)

- **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*