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TaxForum

| 2017

Individual Taxpayer Identification
Number (ITIN) Program Changes –
Implementation of the Protecting
Americans from Tax Hikes (PATH)
Act



Objectives

Following this presentation you will be able to:

- Identify mandates of PATH Act Section 203
- Describe IRS implementation of the PATH Act
- Understand the process for ITIN Renewal
- Identify Processing Year 2017 impact when using an expired ITIN
- Describe 2017 ITIN Policy changes



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Agenda

- Requirements for Expiration of ITINs
- Implementation of ITIN Expiration Requirements
- ITIN Renewal
- Processing Year 2017 Information
- 2017 ITIN Policy Changes
- Resource Information



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PATH Act of 2015 – Section 203

- The PATH Act Section 203 mandated:
 - Expiration of ITINs not present on a federal return for three consecutive years
 - Expiration of ITINs issued from 1996 – 2012 based on the year they were assigned
 - Math error authority concerning expired or revoked ITINs
 - IRS distinguish ITINs issued solely for purpose of tax treaty benefits



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PATH Act of 2015 – Section 203

- The PATH Act Section 203 mandated (cont.):
 - Bi-annual audits by Treasury Inspector General for Tax Administration (TIGTA)
 - Proof of individual's identity, foreign status, and residency
 - Applicants who reside outside of U.S. submit application by mail or in person to an IRS employee or designee of the Secretary at a U.S. diplomatic mission or consular post
 - A program for training and approving community-based CAAs
 - IRS conduct an ITIN study

Implementation of ITIN Expiration

- IRS deactivated ITINs based on the middle digits rather than the year they were assigned.
- Middle digits allow for manageable renewal volumes and provide a clearer message to ITIN holders.
- Middle digits 78 and 79 expired on January 1, 2017.
 - The IRS began accepting renewal applications on October 1, 2016 for ITINs with these middle digits.
- Middle digits 70, 71, 72, and 80 will expire on January 1, 2018.
 - The IRS began accepting renewal applications in June, 2017 for ITINs with these middle digits.
- The schedule for expiration and renewal of ITINs with middle digits other than those listed above will be announced at a later date.



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ITIN Renewal

- Completed Form W-7 with original identification documents or certified copies from the issuing agency is required
 - Form W-7 revised in September 2016 for a new ITIN and renewing an expired ITIN
- ITINs used only for information reporting do not need to be renewed
- All family members (on a single return) can renew at the same time, if at least one of the family member's ITIN is expiring
- No tax return is required for a renewal application



ITIN Renewal (cont.)

- Renewal by Mail
 - Allow 7 weeks (9 to 11 weeks during peak processing periods or when filing from abroad) for processing of your Form W-7
 - Identification documents will be returned within 60 days
- Alternative options to mailing original documents:
 - Use an authorized Certified Acceptance Agent (CAA)
 - Schedule an appointment at a designated IRS Taxpayer Assistance Center (TAC) location



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Processing Year 2017 Information

- Returns electronically filed with an expired ITIN will not be rejected
- Both paper filed and electronically filed returns with an expired ITIN may delay the processing of the return
 - The credits associated with the expired ITIN will be removed and a math error notice will be sent to the taxpayer
 - Taxpayer must renew their ITIN to restore credits originally claimed on the tax return



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2017 ITIN Policy Changes – Certified Acceptance Agents (CAA)

- Effective September 7, 2016, CAAs can authenticate the passport and birth certificate of dependents
- CAAs can continue to certify all identification documents for the primary and secondary taxpayers
- CAAs must conduct face-to-face interviews with clients
 - Video conferencing (e.g. SKYPE) is permitted but the original documents to be certified must be in the CAA's possession during the interview



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2017 ITIN Policy Changes – Certified Acceptance Agents (CAA) cont.

- ITIN applicants who reside within or outside the United States can use a CAA, mail Form W-7 and original identification documents to the IRS, or visit a TAC office
- Form 13551, Application to Participate in the IRS Acceptance Agent Program, is now being accepted year round

2017 ITIN Policy Changes – Dependent Passport

- Effective October 1, 2016, only a passport with an entry date into the U.S will be acceptable as a stand-alone identification document for dependent ITIN applicants
 - Dependents from Canada, Mexico, or dependents of military members overseas are exempt from the entry date requirement
- Dependent applicants that have a passport without a date of entry, and do not meet the stated exceptions above, will be required to submit additional documentation as proof of residency along with their passport:
 - U.S. medical records for dependents under age 6
 - U.S. school records for dependents under age 18
 - U.S. school records, rental or bank statement, or utility bill listing the applicant's name and U.S. address along with their passport for dependents age 18 and over



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Resource Information

- ITIN homepage:
<https://www.irs.gov/ITIN>
- ITIN Expiration Frequently Asked Questions (FAQs):
<https://www.irs.gov/individuals/itin-expiration-faqs>
- How to Become an Acceptance Agent
<https://www.irs.gov/itinagent>