



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

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Dear [REDACTED]:

I am responding to your letter dated September 27, 2000, to Ms. Karen Tober, Congressional Affairs, Internal Revenue Service, on behalf of your constituent. [REDACTED] asked why the IRS requires U.S. citizens to provide their Social Security Number (SSN) when they apply for a passport, and under what authority it imposes a \$500 penalty if an applicant refuses to provide this information.

The IRS uses these SSN's to identify U.S. citizens living abroad and to ensure they are filing their income tax returns as required by the law.

**United States citizens are required to pay U.S. income tax on their worldwide income.**

United States citizens are required to file United States tax returns and pay United States tax on their worldwide income, even if they are living outside of the United States. [Treas. Reg. § 1.1-1(b)].

**Reporting Social Security numbers on passport applications increases compliance with federal tax laws.**

The Congress intended to increase tax compliance of U.S. persons residing outside the United States through section 6039E. The Conference Committee Report to Public Law 99-514 includes the following:

U.S. persons resident abroad are required to file U.S. tax returns, but a substantial percentage of foreign residents fails to do so.

\* \* \*

Senate Amendment

a. IRS information returns

The Senate amendment requires that passport applicants ... complete an IRS information return reporting foreign residence and certain other information. Penalties for failure to file apply.

\* \* \*

Conference Agreement

a. IRS information returns

The conference agreement generally follows the Senate amendment ... The agreement also makes the following technical amendments: First, to deter noncompliance effectively, the penalty for each failure to file the required information returns is increased from \$50 to \$500. Second, the agreement clarifies that no other provision of law will exempt individuals from the new return-making requirements or bar agencies collecting the returns from providing them to the Secretary, as required. Third, notwithstanding any other provision of law, agencies which collect (or are required to collect) the new information returns must provide to the Secretary the names (and any other identifying information) of any individuals who refuse to provide them as required. [Conference Report, Rep. No. 99-841, 99<sup>th</sup> Cong., 2d Sess. II-638 - II-639 (Sept. 18, 1986)].

Generally, section 6039E is designed to identify U.S. taxpayers who may be living abroad. In the case of U.S. citizens who are not aware of their obligation to file a U.S. income tax return, the IRS will then be able to inform them of their duty and to ensure that once they begin filing, they follow the Internal Revenue Code provisions for citizens living abroad.

In the case of U.S. citizens who willfully fail to file U.S. income tax returns, section 6039E is designed to afford the Internal Revenue Service with the means to ensure their compliance with federal tax laws.

I hope this information is of assistance to you. If you have any additional questions, please contact me at (202)622-3800 (not a toll-free number) or Ms. Amanda Ehrlich of my staff at (202) 622-3880 (not a toll-free number).

Sincerely,

BENEDETTA A. KISSEL  
Acting Associate Chief Counsel  
(International)