



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

OFFICE OF
CHIEF COUNSEL

July 20, 2001

Number: **INFO 2001-0198**

Release Date: 9/28/2001

UIL: 6039E.00-00



Dear [REDACTED]:

I apologize for the delay in responding to your letters dated January 27 and June 4, 2001, to the IRS Governmental Liaison, [REDACTED], on behalf of your constituent, [REDACTED]. [REDACTED] asked why the IRS requires U.S. citizens to provide their Social Security Number (SSN) when they apply for a passport and whether we have an alternative to this procedure.

The IRS uses 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 must 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. citizens living outside the United States through section 6039E of the Internal Revenue Code of 1986 (the Code). Congress enacted section 6039E under section 1234(a)(1) of the Tax Reform Act of 1986, P.L. 99-514 (Oct. 22, 1986). 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, 99th Cong., 2d Sess. II-638 - II-639 (Sept. 18, 1986)].

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

For U.S. citizens who willfully fail to file U.S. income tax returns, section 6039E provides a way to ensure their compliance with federal tax laws.

██████████ suggested as an alternative to giving her SSN to the U.S. Department of State, she could send the IRS her passport number. However, Congress did not provide this alternative under section 6039E.

██████████ referred to section 6039E(e), which states that “The Secretary may by regulations exempt any class of individuals from the requirements of this section if he determines that applying this section to such individuals is not necessary to carry out the purposes of this section.” As ██████████ accurately notes, the Secretary has not yet established such regulations.

I hope this information is helpful. If you have any additional questions, please contact me at (202)622-3800 or Ms. Amanda Ehrlich (ID-50-18395) of my staff at (202) 622-3880.

Sincerely,

Benedetta A. Kissel
Deputy Associate Chief Counsel
(International)