

DON'T LET YOUR I.T.I.N. EXPIRE

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Tags

Form W-7
I.T.I.N.

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INTRODUCTION

Individual Taxpayer Identification Numbers (I.T.I.N.'s) are required by any individual who has a U.S. tax filing obligation but is not eligible to be issued a Social Security Number (S.S.N.). U.S. tax filing obligation can arise even when no tax liability exists. For example, a foreign seller of U.S. real property would be subject to 15% withholding even when the selling price is lower than the purchase price (this is known as "F.I.R.P.T.A. withholding"). Avoiding F.I.R.P.T.A. withholding is possible by applying for a withholding certificate from the I.R.S. prior to the closing; And this can only be done if one has an I.T.I.N. An I.T.I.N. is also required any time a non-U.S. person has to file a U.S. tax return to request a refund of over-withholding of tax.

Obtaining an I.T.I.N. is done by completing Form W-7, *Application for I.R.S. Individual Taxpayer Identification Number*. As many will attest, this is not an easy task, and requires obtaining a certified copy of one's passport from the governmental issuing agency. Additionally, the I.R.S. will not issue an I.T.I.N. unless one of the reasons mentioned on the application is met. The process takes about seven weeks and can take up to eleven weeks during peak processing periods or if filing from overseas. Occasionally, the I.R.S. will request more information, further prolonging the process. Thus, once obtained, it may be worth renewing. If allowed to expire, a new application would have to be made for any future need.

WHEN DO I.T.I.N.'S EXPIRE?

An I.T.I.N. expires and has to be revalidated every five years, or after three consecutive years of not being used.

There is a toll-free number to call the I.R.S. to check the status of an I.T.I.N. Also the I.R.S. will send out Letter 5821 letting the individual know that their I.T.I.N. number must be renewed. Recently, the I.R.S. reminded those holding I.T.I.N.'s issued before 2013 and having middle digits of 88 (Example: (9XX-88-XXXX) that their I.T.I.N.'s will expire at the end of 2020. Additional middle-digits numbered I.T.I.N.'s assigned before 2013 are set to expire at the end of 2020, as previously announced by the I.R.S. in earlier months. The I.R.S. is urging anyone whose I.T.I.N. is expiring at the end of 2020 to file a complete renewal application as soon as possible.

SHOULD YOU RENEW YOUR I.T.I.N. IF YOU ARE ISSUED A S.S.N.?

If an individual becomes eligible for a S.S.N. after an I.T.I.N. had been obtained, they must apply for a S.S.N., because an I.T.I.N. will not be renewed under such

circumstances. As mentioned above, one of the reasons listed on the form must be met to be granted an I.T.I.N. If an individual is eligible for a S.S.N., they are not eligible for an I.T.I.N.

Once a S.S.N. is issued, the individual must notify the I.R.S. of the number, and the I.R.S. will void the I.T.I.N., so it cannot be used by others. Additionally, the I.R.S. will merge the cases so that it can associate all prior tax information filed under the I.T.I.N. with the new S.S.N.

IMPLICATIONS OF AN EXPIRED I.T.I.N.

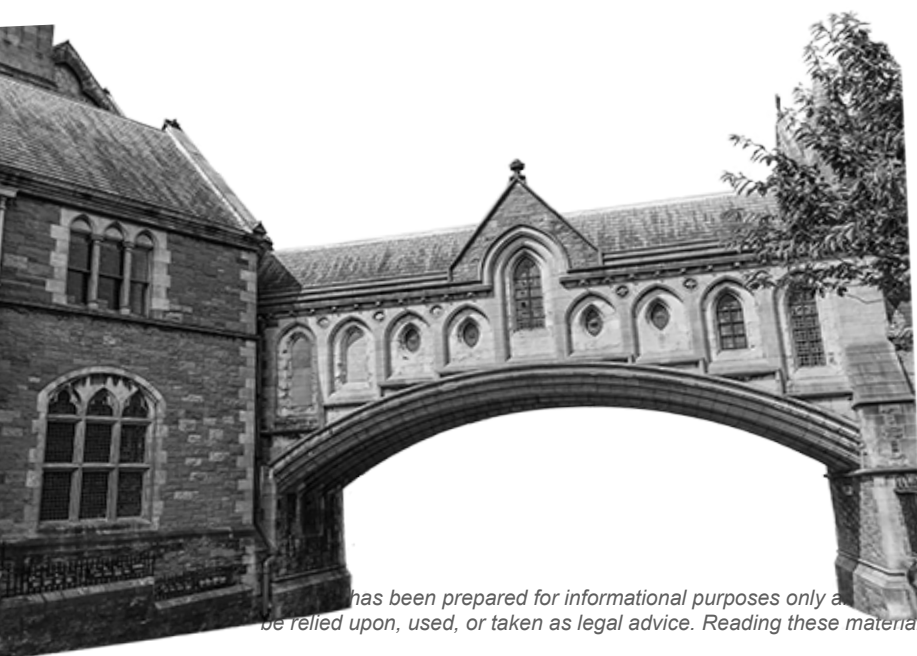
If an individual files a return with an expired I.T.I.N., the return will still be processed.

However, certain tax credits and exemptions may not be allowed, and refunds will not be processed unless and until the I.T.I.N. is renewed. The taxpayer will receive a notice from the I.R.S. showing the changes made to their return due to their I.T.I.N. being expired. Interest and penalties for any tax owed as a result of disallowed exemptions and credits may be applied. Once renewed, any exemptions and/or credits previously disallowed will be automatically reconsidered.

If at the time of filing the return an individual has a pending application for renewal, the treatment would be the same.

CAN AN I.T.I.N. BE RENEWED BEFORE IT IS SET TO EXPIRE?

The I.R.S. asks that those having I.T.I.N.'s valid through 2021 to wait until their I.T.I.N. is scheduled to expire to renew. To assist taxpayers in figuring out when to renew, the I.R.S. will be putting into place a rolling renewal schedule and will announce the middle digits every year. In the past they have notified in mid to late summer.



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