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Non-Resident Aliens, Beware! Your US ITIN May be Set to Expire

12. November 2020

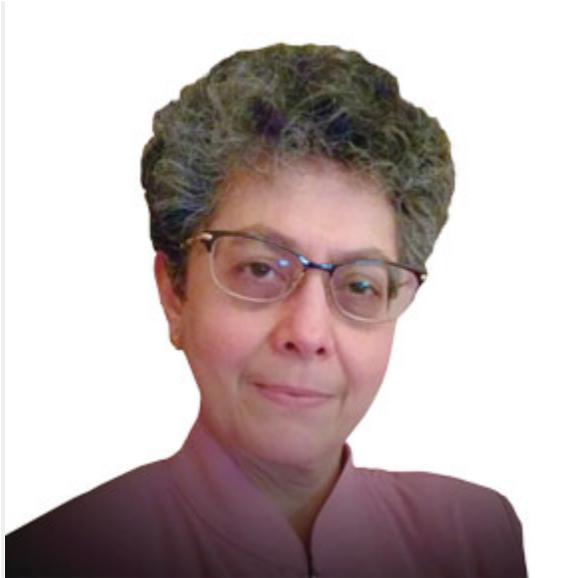
Non-resident aliens in the United States benefit from tax breaks. To be able to submit a tax return, a federal Individual Taxpayer Identification Number (ITIN) is necessary. This ITIN could expire on 31 December 2020. What should those affected do now?

Non-resident aliens, i.e. people whose (main) residence is not in the US and who are not US citizens, do not have a US social security number or are not entitled to receive one. It may be necessary to provide a unique federal Individual Taxpayer Identification Number (ITIN) or file a federal tax return in the United States for:

- Non-resident aliens who, based on days present in the United States, are required to file a US tax return
- Non-resident alien dependents or spouses of US citizens/resident aliens
- Non-resident dependents or spouses of non-resident alien visa holders
- Non-resident aliens claiming a tax treaty benefit
- Non-resident alien students, professors or researchers filing a US tax return or claiming an exception

In most cases, having an ITIN is the only way to file a US tax return, because in many instances a non-resident alien is not eligible for a US social security number, **explain the experts from Marcum LLP**. An ITIN is obtained by filing Form W-7 – Application for IRS Individual Taxpayer Identification Number, along with other required documents with the Internal Revenue Service (IRS). Once issued, an ITIN enables an eligible individual to comply with US tax laws, file tax returns, remit tax payments and receive refunds. It also enables the IRS to efficiently process these by correctly associating the filer/payer with the corresponding ITIN. Once issued, an ITIN remains valid unless it expires. As of 31 December 2020, more than one million ITINs that fall into the following three categories are set to expire:

1. ITINs that have not been used on a US federal tax return at least once in the last three consecutive years.
2. ITINs issued before 2013 with middle digits 88.
3. ITINs with middle digits 90, 91, 92, 94, 95, 96, 97, 98, or 99 that were assigned before 2013 and have not already been renewed.



Applying for a federal Individual Taxpayer Identification Number looks easy, but there are some pitfalls. Let experts advise you.

Ragini Subramanian, International Tax & Business Services manager, Marcum LLP*, Greenwich, Connecticut, USA

Marcum's experts recommend that non-resident aliens in any of the above three categories renew their ITINs before the 2020 tax return filing deadline (15 April 2021) to avoid tax return processing and refund delays. An expiring ITIN can be renewed by submitting the Form W-7 application package in one of three ways:

- Prepare and mail Form W-7 and original identification documents (e.g. passport), or copies certified by the agency that issued them, to the IRS at the address listed on the instructions for Form W-7. The IRS will review the identification documents and return them within 60 days.
- Seek help from any of the many Certified Acceptance Agents (CAAs) authorised by the IRS to prepare the Form W-7 application package. A CAA can certify all the identification documents, which saves taxpayers the heartache of mailing original documents to the IRS.
- If possible, an individual needing to renew an ITIN can call and make an appointment at a designated IRS Taxpayer Assistance Center. At the

appointed date and time, the IRS must be presented with a completed W-7 application package and original identification documents.

While the preparation of the W-7 application package to renew or obtain a new ITIN is not a complicated process, there are pitfalls for the inexperienced. For example, while most ITINs can be renewed before filing a tax return, spouses and dependents residing outside the US can only renew when filing a return, or someone else files a return claiming them for an allowable tax benefit. In addition, it should be noted that in certain cases, a dependent's passport without a date of entry into the US is not accepted as a stand-alone identification document. Not knowing these nuances can delay receipt of the ITIN and therefore delay the filing of the tax return. It is advisable to speak with a professional well-versed in this process.

For further information please contact:

Ragini Subramanian, International Tax & Business Services manager,
Marcum LLP*, Greenwich, Connecticut, USA
Email: ragini.subramanian@marcumllp.com

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