Navigating the ITIN Renewal Process: Implications for Immigrant and VITA Communities

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Carmen Shorter
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What’s in store for today?

• IRS ITIN Program Office Perspective and Resources
• ITIN Renewal Process
• Benefits and Risks of ITIN Renewal
• Q & A
• Close
Today’s Speakers

Rebecca Thompson
Program Director
Taxpayer Opportunity Network

Sharon Bradley
Section Chief—ITIN Program Office
IRS

Jackie Vimo
Economic Justice Policy Analyst
National Immigration Law Center
Today’s Speakers

Yuqi Wang
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Welcome from TON

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Project Director
Taxpayer Opportunity Network
IRS Perspective

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Section Chief—ITIN Program Office
Internal Revenue Service
Wage and Investment, Customer Account Services, Submission Processing (SP)

P.L. 114-113, Div. Q, Title II, Section 203 (3)  
Deactivation of Individual Taxpayer Identification Numbers (ITINs)
The purpose of this document is to provide context and information on plans to expire and renew ITINS based on Section 203 of the PATH Act and additional ITIN changes beginning 2017:

- Requirements for Expiration of ITINs
- Implementation of ITIN Expiration Requirements
- ITIN Renewals
- Processing Year 2017 Information
- 2017 ITIN Policy Changes
- Additional Information
Requirements for Expiration of ITINs

• Congress passed the PATH Act legislation on December 18, 2015 amending Section 6109 of the IRC and making significant changes to the ITIN program.

• The PATH Act mandated:
  – the expiration of ITINs not present on a federal tax return for three consecutive years; and
  – the expiration of ITINs issued from 1996-2012 based on the year they were assigned and in accordance with a 3 year schedule laid out in the legislation.
Implementation of ITIN Expiration Requirements

• Due to budget and resource restrictions, the Service made a decision to deactivate the 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 since taxpayers may not know when their ITIN was issued.

• Middle digits 78 and 79 will expire on December 31, 2016.

• The schedule for expiration and renewal of ITINs with middle digits other than 78 or 79 will be announced at a later date.
**ITIN Renewals**

- Renewals began October 2016:
  - Taxpayers need to submit completed Form W-7 with original identification documents or copies of the documents from the issuing agency.
  - The September 2016 revision of Form W-7 should be used for both requesting an ITIN for the first time and (deleted “also”) for renewing an expired ITIN.
  - Taxpayers do not need to renew their ITIN if they will not be filing a tax return in the future. If the ITIN is only used for information returns, they do not need to renew.

- Alternative options to mailing original documents:
  - Use an authorized Certified Acceptance Agent (CAA) or
  - Schedule an appointment at a designated IRS Taxpayer Assistance Center (TAC) location.
ITIN Renewals (Continued)

- Letter 5821 was mailed to 309K active ITIN holders in August and September with middle digits 78 and 79 to let them know their ITIN will expire December 31, 2016.

- All family members (family pack) can renew if at least one of the family member’s ITIN is expiring.

- No tax return is required for a renewal application.

- 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.
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 will fall out to Error Resolutions, which will delay the processing of the return.
  – The credits associated with the expired ITIN will then be removed and a math error notice will be sent to the taxpayer.

• Taxpayer will be required to renew their ITIN to restore credits originally claimed on the tax return.
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 can conduct interviews with clients either face-to-face or through video conferencing (i.e., SKYPE).
  
  —When certifying documents, the CAA must have the original documents in their possession during the interview to see the security features and authenticate the documents.

• Form 13551, Application to Participate in the IRS Acceptance Agent Program are now being accepted year round.
2017 ITIN Policy Changes – Dependent Passports

• 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 dependents.

  —Dependents from Canada, Mexico or dependents of military members overseas are exempt.

• If dependent ITIN applicants have a passport without a date of entry, and do not meet the exceptions in the sub bullet above, they will be required to submit either U.S. medical records for dependents under age 6 or U.S. school records for dependents under age 18, along with the passport.

• Dependents aged 18 and over can submit a school record, rental or bank statement, or utility bill listing the applicant’s name and U.S. address along with their passport.
Additional Information

- SPEC CAAs on irs.gov: [https://www.irs.gov/individuals/vita-sites-that-offer-caa-services](https://www.irs.gov/individuals/vita-sites-that-offer-caa-services)
- Schedule appointment with local Taxpayer Assistance Center [https://www.irs.gov/help-resources/contact-your-local-irs-office](https://www.irs.gov/help-resources/contact-your-local-irs-office)
ITIN Renewal Process

Yuqi Wang
Economic Policy Analyst
National Council of La Raza
Who Needs to Renew

Two categories of ITIN expired in 2016:

- Any ITIN not used to file a tax return for last three years (2013, 2014 or 2015), and

- ITINs with middle digits 78 or 79 (e.g. 9NN-78-NNNN and 9NN-79-NNNN)
When to Renew an ITIN

- When:
  - Before 2017 tax season
  - During 2017 tax season

- Taxpayers filing tax returns with expired ITIN will be notified by IRS
  - Refunds from tax credits and dependent exemptions will be held until ITIN is renewed

Need to renew? Send these documents to the IRS before or when you file your 2016 tax return:
- IRS W7 ITIN renewal form
- Proof of foreign status and identity
- If applicable, required documents for dependents

Get help renewing your ITINs. Visit nclr.us/ITIN for information.
How to Renew an ITIN

• Use IRS Form W-7 to renew ITIN
  • Check “Renew an Existing ITIN” box

• Same documents required as for new ITIN applications
  o Identity and foreign status documents, i.e. passport, national ID card (w/photo), birth certificate
  o For dependent ITINs, proof of residency in U.S. (i.e. passport, birth certificate, school records)

Where to Apply for Renewal

1. Mail application to IRS, or
   - Internal Revenue Service, ITIN Operation
     P.O. Box 149342
     Austin, TX 78714-9342

2. Some IRS Taxpayer Assistance Centers (TAC) can verify identity documents to avoid sending originals (by appointment only), or

3. Certified Acceptance Agents (CAA), including VITA sites, can help renew applications and also verify certain documents to avoid sending originals. Low Income Taxpayer Clinics (LITCs) can also help assist ITIN holders through the renewal process.
Who Doesn’t Need to Renew Now

- Filed a return in last three years, and ITIN does not contain “78” or “79” as middle digits
- Not required to file tax return. Expiration does not affect ITINs only used for:
  - Bank accounts, mortgages, loans, driver’s licenses, health records
IRS Renewal Letters

• IRS mailed about 300,000 letters to ITIN holders with the “78” or “79” digits who were recent filers.

• As of December 2016, IRS received 63,000 renewal applications.

• Top states: CA, TX, IL, UT, WA
Concerns with ITIN Renewals

• Family option
  • ITIN holders required to renew can also renew their spouses’ and dependents’ ITINs at the same time

• Same ITINs after renewal
  • After ITIN holders renew, they will use the same ITIN number to file their future tax returns

• New Requirements for certain Dependents
  • IRS will only accept passports with date of entry into the U.S. as a stand-alone identification document for dependents from countries other than Canada, Mexico, or dependents of military members overseas
  • Affected applicants need to submit either U.S. medical records for dependents under age 6, or U.S. school records for dependents under age 18 along with the passport. Dependents age 18+ can submit a rental or bank statement, or utility bill with applicant’s name and U.S. address along with passport.
ITIN Renewal Pain Points

There will be a high possibility that refunds will be delayed for ITIN holders

- In particular, this will affect ITIN holders who claim the Child Tax Credit
- Taxpayers could wait up to 9-11 weeks during peak tax season for the IRS to process their application and notify the ITIN holder of their ITIN application status
Benefits and Risks of ITIN Filing

Jackie Vimo
Economic Justice Policy Analyst
National Immigration Law Center
Post-Election Concerns

• Current law provides strong confidentiality provisions for tax-filing data held by the IRS.
• However, it is possible that Congress or the incoming Trump Administration could make changes to existing laws and regulations.
Assessing the Risks/Benefits

• If you already have an ITIN, the IRS already has your information. As such, you are not necessarily increasing your exposure by renewing your ITIN or filing taxes with an ITIN unless you have recently changed your address.
• Not all ITIN filers are undocumented, so filing taxes with an ITIN does not confirm immigration status.
• Filing taxes can be useful in future immigration proceedings in the event that you are able to adjust your status. ITIN filings can serve as proof of income, residence in the U.S., “good moral character,” and whether you are married.
Benefits of an ITIN

• Compliance with federal tax laws
• Contribution to the economy
• Adjustment of status:
  • Good moral character
  • Work history
  • Physical presence
• Child Tax Credit and Additional Child Tax Credit
• Health Insurance:
  • Insurance-premium tax credits under Obamacare
  • Establish exemption from individual mandate
• Worker settlements resulting from employment-related dispute
Practitioner Perspective

Francine Lipman
Professor of Law
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Q & A

What questions do you have?
Share them in the Questions box!
Join the Network!

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Thank you!