

ITIN Renewals & ITIN Tax Filing Issues for Immigrants

January 9, 2017



Jackie Vimo
Economic Justice
Policy Analyst



Yuqi Wang
Policy Analyst,
Economic Policy
Project



John Wancheck
Senior Advisor, EITC
Policy

Webinar Goals and Agenda

Goals

- Educate providers and community organizations about new ITIN renewal process in order to get the word out to communities
- Provide a post-election update about ITIN filing issues
- Correct any misinformation about ITIN renewals

Agenda

- Contextual background on ITINs and ITIN renewals (Yuqi Wang, NCLR)
- Post-election climate (Jackie Vimo, NILC)
- Current status of renewals (John Wancheck, CBPP)
 - Who is required to renew, when to renew, and what happens if you don't renew
 - Resources communities can use and share with others
- Q&A

Background information on ITINs and ITIN renewals

ITIN Renewal Background

- In 2015, PATH (Protecting Americans from Tax Hikes) Act made permanent the American Opportunity Tax Credit (AOTC), and certain provisions in the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC):
 - Reduced earned income threshold for parents claiming CTC to \$3,000
 - Increased income phase-out range for married couples claiming EITC
 - Larger EITC for families with more than 2 children
- But, PATH Act also enforced ITIN renewals, which advocates weren't able to stop

ITIN Renewal Background

- Per the PATH Act, ITINs not used at least once on a federal tax return in the last 3 years need to be renewed. In addition, ITINs issued before 2013 need to be renewed on a rolling schedule based on the year they were issued.
- The IRS does not yet have a renewal schedule available, but current phase of renewals impacts millions of ITIN holders across the country.
- There may be fear in communities about the renewal process. Historically, IRS has strong confidentiality statutes. The IRS is prohibited from disclosing taxpayer information to other government agencies.

ITIN renewals post-election

Post-Election Issues

- Current law provides strong confidentiality provisions for tax-filing data held by the IRS.
- However, it is possible that Congress or the the incoming Trump Administration could make changes to existing laws and regulations.
- Weighing the risks associated with renewing ITINs, requesting an ITIN for the first time, and filing taxes with an ITIN:
 - 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 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.

ITIN renewal requirements

Some ITINs Expire Dec. 31: Must be Renewed to File Taxes

- New Law Enacted Last Year
- Two Categories of ITINs Will Expire
- 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**

(9NN-78-NNNN and 9NN-79-NNNN)

IRS sent notification letter in fall 2016

Expiring ITINs Can be Renewed

- When:
 - Before 2017 tax filing season
 - During 2017 tax filing season
- Tax Returns Filed with Expired ITIN:
 - Refunds from tax credits and dependent exemptions will be held until ITIN is renewed

How Are ITINs Renewed?

- Same Process as Application for New ITIN
 - Except: Renewal application does not require a tax return to be attached
 - If tax return is filed using an expired ITIN, IRS will send the filer a notice on how to renew
- Use IRS Form W-7 (rev. 9/16)
- Check “Renew Existing ITIN” Box

Identification Documents Required for ITIN Renewal

- Same as for new applications
 - Identity and foreign status documents, i.e. passport, national ID card (w/photo), birth certificate
 - For dependent ITINs, proof of residency in U.S.
- See detailed list in instructions for W-7

Where to Apply for Renewal

- Mail application to IRS: must include original documents (or certified copies), or
- Some IRS offices can verify identity documents, by appointment
- Certified Acceptance Agents can help with application and verify certain documents to avoid sending originals

Who Doesn't Need to Renew Now?

- Filed a return in last three years, and ITIN middle # is not “78” or “79”
- Not required to file tax return. Expiration does not affect ITINs 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.
- Top states: CA, TX, IL, UT, WA
- Spreadsheet showing number of letters sent for each state -- sort by county and zip code. **Contact Yuqi Wang: ywang@nclr.org**

ITIN Renewal Resources

- IRS August 2016 Notice: <https://www.irs.gov/uac/irs-works-to-help-taxpayers-affected-by-itin-changes-renewals-begin-in-october>
- IRS ITIN Info Page: <https://www.irs.gov/individuals/individual-taxpayer-identification-number-itin>
- IRS ITIN FAQ: <https://www.irs.gov/individuals/itin-expiration-faqs>
- Understanding IRS letter: <https://www.irs.gov/individuals/understanding-your-letter-5821>
- Acceptance Agents for ITINs <https://www.irs.gov/individuals/acceptance-agent-program>
- Free VITA sites that are Acceptance Agents: <https://www.irs.gov/individuals/vita-sites-that-offer-caa-services>
- IRS Offices for ITIN Renewal www.irs.gov/uac/tac-locations-where-in-person-document-verification-is-provided
- IRS Application Form W-7 <https://www.irs.gov/pub/irs-pdf/fw7.pdf>
- W7 Instructions <https://www.irs.gov/pub/irs-pdf/iw7.pdf>
- NILC ITIN Fact Sheet (in English and Spanish): <https://www.nilc.org/issues/taxes/itinfaq/>
- CBPP outreach site (includes links to IRS flyers, etc.): <http://www.eitcoutreach.org/learn/tax-filing/itin/itin-renewals/>
- NCLR outreach site (in English and Spanish): www.nclr.us/ITN

Thank you!

Questions?



Jackie Vimo
vimo@nilc.org



Yuqi Wang
ywang@nclr.org



John Wancheck
wancheck@cbpp.org