

## **Individual Taxpayer Identification Numbers (ITIN) IRS Announces Revisions to ITIN Applications**

IR-2003-140, Dec. 17, 2003

WASHINGTON — The Internal Revenue Service today announced several steps to strengthen controls over the issuance of Individual Taxpayer Identification Numbers. The changes will help ensure that ITINs are issued for their intended tax administration purpose for administering the tax code and not for other reasons, such as providing personal identification. In addition, the IRS is taking steps to help ensure that applicants can continue to obtain ITINs without undue burden.

Beginning today, new ITIN applicants must use a revised Form W-7, Individual Taxpayer Identification Number Application. ITIN applicants also must provide proof that the ITIN will be used for tax administration purposes. For applicants seeking an ITIN in order to file a tax return, the return must be filed along with the W-7.

“About one-quarter of the ITINs issued for tax return purposes never actually find their way onto a tax return,” said IRS Commissioner Mark W. Everson. “The steps taken today ensure ITINs will be issued only to those seeking to comply with their tax obligations.”

Federal law requires individuals with U.S. income, regardless of immigration status, to pay U.S. taxes. The ITIN, a nine-digit number that begins with the number 9, was created for use on tax returns for those taxpayers who do not qualify for a Social Security Number. The IRS has issued 7 million ITINs since 1996.

However, some ITINs issued by the IRS do not appear in tax filings or tax reporting documents and may have been procured solely to serve as a form of identification. Earlier this year, the IRS issued letters to all governors and state motor vehicle departments advising that ITINs were not designed to serve as personal identification and would not be suitable for determining identification of applicants for driver's licenses.

After a review of the ITIN program, the IRS will implement these changes effective immediately:

- All new ITIN applicants will have to show a federal tax purpose for seeking the ITIN. For those seeking an ITIN to meet their income tax filing obligations, this will require attaching a federal tax return to the Form W-7 when they are ready to file their tax return with the IRS.
- ITIN applications without proof of need for tax administration purposes will be rejected.
- The IRS will reduce to 13 from 40 the number of documents it will accept as proof of identity to obtain an ITIN. The 13 acceptable documents are listed in the new Form W-7 instructions.
- The IRS also will change the appearance of the ITIN from a card to an authorization letter to avoid any possible similarities with a Social Security Number card.

A small number of non-U.S. residents apply for an ITIN to report income under a tax treaty, and a small number of U.S. resident and non-resident applicants apply for an ITIN to report income from a U.S. bank or brokerage account. Neither type of applicant will be required to file a tax return along with their ITIN application. Non-resident applicants will be required to furnish evidence of their ownership of the asset that gave rise to the reporting obligation. Resident applicants will be required to furnish evidence of actual rather than intended ownership of the bank or brokerage account.

The IRS will continue to help individuals who seek ITINs comply with the tax laws. The IRS has found no indication of any differences in accuracy rates between tax returns filed with ITINs and tax returns filed



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with SSNs. The agency understands the need to continue to monitor challenges posed by ITINs, and will do so over the course of time.

The IRS will continue to review ways to improve Form W-7 and will conduct a public comment period until June 15, 2004. The IRS will be publishing an announcement in the Internal Revenue Bulletin that will ask for comments on the revised form and the application process. Internal Revenue Bulletin 2004-2, to be published on Jan. 12, 2004, will give instructions on when and how comments may be submitted.

Additional information is available at [Internal Revenue Service](#) where English and Spanish versions of the Form W-7 are available. A list of frequently asked questions (FAQs) also is available.