



## IRS releases Notice 2016-48 to address recent changes to the ITIN program

### Global information reporting update

On August 4, the IRS released [Notice 2016-48](#), which contains changes to the Individual Taxpayer Identification Number (ITIN) program as required by the Protecting Americans from Tax Hikes (PATH) Act enacted by Congress in December 2015. Under the PATH Act, certain ITINs will not be valid for use on a tax return unless renewed.

- *Unused ITINs* – An ITIN that has not been used on a federal tax return at least once in the last three years (i.e. 2013, 2014, or 2015) will no longer be valid to use on a tax return as of January 1, 2017.
- *Expiring ITINs* – ITINs issued prior to 2013 will begin expiring this year and will need to be renewed on a rolling basis, regardless of whether they have been used in the past three years. ITINs with middle digits of 78 and 79 (e.g., 9XX-78-XXXX or 9XX-79-XXXX) will be the first to expire, and the IRS will mail notifications to holders of such ITINs beginning in August. The IRS will announce the timeline for expiration and renewal of other ITINs at a future date.

Failure to renew an expired ITIN before filing a tax return in 2017 could result in refund delays as well as ineligibility for certain tax credits (e.g., Child Tax Credit, American Opportunity Tax Credit) until the ITIN is renewed. ITIN holders who do not need to file a tax return next year do not need to take any immediate action.

An individual whose expired ITIN is used only on information returns filed and furnished by third parties, such as Forms 1099 or Form 1042-S, is not required to renew the ITIN. ITINs may continue to be used for information return purposes regardless of whether they have expired for individual income tax return filing purposes. If the individual is later required to file a tax return, however, the individual's ITIN will have to be renewed at that time.

#### **Renewal Process**

A taxpayer may renew an unused or expiring ITIN beginning on October 1, 2016 by completing the newest version of the Form W-7, Application for IRS Individual Taxpayer Identification Number, which will be released in September. For renewal purposes, a taxpayer is not required to attach a tax return when submitting a Form W-7 but must include all the information and documentation required by the instructions like an original or certified passport to establish their

residency. The Form W-7 renewal package may be submitted by mail, via a Certified Acceptance Agent, like Deloitte Tax, or through an appointment with the IRS Taxpayer Assistance Center. Once renewed, an ITIN will remain in effect unless it is not used on a tax return for three consecutive years.

Additionally, an individual with an ITIN middle digit of 78 or 79 may renew the ITINs of his/her spouse as well any dependents claimed on his/her tax return at the same time instead of renewing such family members' ITINs separately over several years. Note that, beginning on October 1, 2016, the IRS will not accept passports that do not include a date of entry into the U.S. as stand-alone identification for dependents from countries other than Canada or Mexico or dependents of military members overseas. In such cases, applicants must submit, in addition to the passport, (1) U.S. medical records for dependents under age six or U.S. school records for dependents under age 18, or (2) a rental or bank statement or a utility bill listing the applicant's name and U.S. address for dependents aged 18 and over.

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