

Form W-7 processing changes

Below are some reminders about new and recent changes regarding the completion and submission of Forms W-7. For more information about these changes as well as general information about completing Forms W-7, refer to Instructions for Form W-7, Application for IRS Individual Taxpayer Identification Number, product number **Inst W-7**, dated January 2010.

ITINS for deceased individuals

Beginning April 1, 2009, the IRS began processing Forms W-7 for deceased taxpayers. In addition to meeting all of the requirements for obtaining an ITIN, additional documentation to substantiate the death of the individual must be provided pursuant to the new requirements listed in the Form W-7 instructions.

Who can sign?

The information under the signature section — Who can sign the Form W-7? — has been revised. The age of the W-7 applicant has changed from 14 to 18 years old.

Documentation requirements for Exception 1

If a Form W-7 application is being submitted under Exception 1(b) or 1(c), the only document that will prove that the criteria has been met, is a signed letter from the bank on its official letterhead, displaying the applicant's name and stating that they have opened a business account 1(b) or an individual deposit account 1(c) that is subject to IRS information reporting and/or withholding of federal tax on the interest generated during the current tax year. This letter must be attached to Form W-7, Application for IRS Individual Tax identification Number. A bank statement or bank ID card alone is not sufficient to prove a tax purpose.

Improvements resulting from the Taxpayer Advocacy Panel

The IRS clarified written procedures for telephone assistors when asked what an ITIN recipient should do if they subsequently receive an SSN. Taxpayers will now be advised to send a copy of their Social Security card together with a letter requesting IRS to update their tax records. The letter should list their full name, address, ITIN and SSN. The taxpayer should also include a copy of IRS Notice CP 565, if one was received, and mail all information to the IRS.

It is the taxpayer's responsibility to notify the IRS when they are assigned a SSN so that all of their tax records can be combined under one tax identification number. If the taxpayer does not notify the IRS when they are assigned a SSN, they may not receive credit for all wages paid and/or taxes withheld. The next revision to IRS Notice CP 565 will reflect this information.

Tips for Error-free Form W-7 Applications

Below are some tips to help you complete and submit Form W-7 applications that are error-free.

- Ensure that the exception documentation that you review meets the criteria for the exception your client is claiming. Each exception has its own set of documents that prove the criteria have been met.
- When reviewing or submitting documentation to the IRS, ensure that the name on the documents match the name of the Form W-7 applicant. If the documentation is in the individual's maiden name, as shown on their birth certificate, then complete the information on Form W-7, line 1b, to keep it from being rejected and returned to you.
- If your client is applying for an ITIN based on reason box (d) or (e), Spouse or Dependent of a U.S. citizen or resident alien, remember to enter the name and SSN/ ITIN of that individual on the line next to the box. If that individual's ITIN has not yet been issued, enter just their name.

- The ITIN Program does not permit electronic signatures on Forms W-7. Original signatures must be placed on these documents.

Top Ten Form W-7 Errors

Processing Forms W-7 in an efficient and effective manner is a top priority for us as we continually strive to improve the ITIN process and the Acceptance Agent Program. When errors occur, they can delay the process causing additional work for all involved. These errors are not the only reasons that a Form W-7 is suspended or rejected, but they do represent those frequently encountered by IRS personnel in the Austin ITIN operations. We encourage you take a moment to review these error conditions and the correct actions you can take to avoid processing delays for your clients.

	Error Condition	Correct Action
1	The appropriate box indicating the Reason Form W-7 was submitted was not checked or was incorrect.	Choose the box that best describes your client's reason for submitting Form W-7.
2	Supporting identification documents to prove the applicant's identity and foreign status were not attached. Certifying Acceptance Agents may submit a Certificate of Accuracy (COA), in lieu of actual documents.	With the exception of children under 14 years of age, under 18 if a student, at least one of the documents submitted must contain a recent photograph.
3	A federal tax return was not attached to Form W-7, showing the applicant's tax purpose for requesting an ITIN.	Unless an Exception to the tax return filing requirement is met, a federal tax return must be attached to Form W-7.
4	The documentation submitted to support identity and foreign status is not among the list of acceptable documents.	There is a list of 13 acceptable documents that can be submitted to support the applicant's identity and foreign status. These are the only documents IRS will accept.
5	A Form W-7 was submitted for a dependent not listed on the attached federal tax return; or a dependent was listed on the federal tax return, but Form W-7 was not attached.	For each Form W-7 submitted, there must be evidence of a tax purpose. Dependents applying for an ITIN must be listed on the attached federal tax return and vice-versa.
6	A Form W-7 was submitted for an individual who was not eligible to be claimed as a dependent.	Dependents must meet the citizenship or residency test to be claimed as a dependent on a federal tax return.
7	A foreign address was not entered on Line 3.	If the mailing address entered on Form W-7 (Line 2) is different than the applicant's foreign (non-US) address, then Line 3 must be completed. If the applicant now resides in the U.S. due to relocation, only the foreign country name where the applicant used to reside should be entered on Line 3.
8	The applicant's date of birth was not entered or was entered incorrectly.	The date of birth should be completed in a month/day/year (xx/xx/xxxx) format.
9	Line 6d does not reflect the identification documents submitted along with Form W-7; or the Date of Entry field was left blank.	The identification documents submitted to prove the applicant's identity and foreign status must also be listed on this line. The Date Of Entry field must be completed by all individuals who entered the United States.
10	The name of the individual listed on Form W-7 (Line 1a) is not the name that appears in the signature field.	If another individual signed Form W-7, remember to check the box that indicates the delegate's relationship to the applicant, and/or attach a Power of Attorney in English.