

WEEK 5 P+P TAX TIP: ITINS

Basics on ITINs (Individual Taxpayer Identification Numbers)

- **The IRS issues ITINs so that** people can fulfill their tax obligations.
- ITINs are **only available for** certain nonresident/resident aliens, their spouses, and dependents who cannot get a Social Security Number (SSN).
- **Source document:** ITIN letter from the IRS, printed on green paper.
- **ITINs look like SSNs.** They are 9 digits and always start with "9".

Resources:

Volunteer Tax Manual, pages 16, 58, and 115; IRS Pub 1915

Frequently Asked Questions about ITINs

What filing statuses can ITIN-holders use?

ITIN-holders are eligible to claim all filing statuses, with some key considerations:

If Spouse lives outside U.S..	Taxpayer Should...
and has an SSN or ITIN	File MFJ (but we need signed power of attorney)
and does NOT have an SSN or ITIN	<ul style="list-style-type: none"> • We recommend they call 651-262-2177 to learn about obtaining an ITIN for their spouse. • The process involves getting a signed power of attorney and sending original documents to the U.S. to view and authenticate.
and cannot obtain an ITIN (if, for example, they don't have access reliable international mail service.)	File MFS or HOH (if they have a qualifying person)

Head of Household: Dependents who live outside the U.S.



Only dependent parents who live in Mexico or Canada can qualify a taxpayer for Head of Household status (but the parents must have an ITIN or SSN). Other dependents, like children and siblings, *must live with the taxpayer for over half the year* to qualify.

Which credits are you eligible/ineligible for with an ITIN?

	ITIN-holders ARE eligible	ITIN-holders eligible IF...	ITIN-holders NOT eligible
Federal	<ul style="list-style-type: none"> • Child & Dependent Care Credit • Saver's Credit • American Opportunity Credit • Lifetime Learning Credit • Premium Tax Credit 	<ul style="list-style-type: none"> • Child Tax Credit (CTC) (only eligible if the qualifying dependent children have SSNs) • Credit for Other Dependents (eligible if the children have SSNs OR ITINs, and do not qualify for CTC) 	<ul style="list-style-type: none"> • Earned Income Credit (EIC) (Taxpayers and qualifying children must have valid SSNs – see page 115 of volunteer tax manual)
MN	ITIN-holders qualify for all MN tax credits , including property tax refunds (M1PR) if they have homestead status		

What if the customer needs an ITIN but doesn't have one?

A customer should never be turned away because they don't have an ITIN!

Follow these steps:

1. **Prepare their return with this placeholder ITIN:** 999-7X-XXXX. Fill in the X's with the last 5 digits of the taxpayer's phone number.
2. **Paper-file:** The return must be paper-filed. Print 2 copies of their return – one for their records, one to mail with the ITIN application, which they should sign.
3. **Give them this number** 651-262-2177 to schedule an appointment with a P+P staff member who is a Certified Acceptance Agent (CAA) at the main office.
 - o The CAA helps the taxpayer with the ITIN application (Form W-7) and authenticates identity documents for applicants.

If the customer has already met with the CAA for their ITIN application:

1. **Prepare their return with the "dummy" ITIN.** They will have a form called the ITIN Process Form (usually on green paper) from the CAA, which shows a "dummy" ITIN to use for tax prep.
2. **Paper-file:** See #2 above

Why is there an SSN on the customer's W-2, if they have an ITIN? What do I do?

For ITIN-holders, their W-2s will show an SSN. We call this a "placeholder SSN."

Like with all W-2s, enter W-2 data into TaxSlayer exactly as it appears on the W-2.

For returns with ITINS, TaxSlayer automatically adds an empty field to the W-2 called "ITIN SSN." **Put the placeholder SSN into the "ITIN SSN" field, and nowhere else.**

FORM W-2
Wage and tax statement

Employer information	Employee information
b - Employer identification number (EIN) * <input type="text" value="23-7131829"/>	d - Control number <input type="text" value="Not required when filing electronically"/>
c - Employers name * <input type="text" value="MIDWEST CONSTRUCTION & DISTRIBUT"/>	e - Employee's full name * <input type="text" value="Thomas Taxpayer"/>
Country * <input type="text" value="United States"/>	ITIN SSN * <input type="text" value="123-44-5555"/>

If an ITIN holder has a W-2 where the placeholder SSN is masked/truncated (which means it is formatted with X's: XXX-XX-1234 or asterisks: ***-**-1234), follow the steps in the Box on page 16 of the Volunteer Tax Manual.

What are other benefits of having an ITIN, for our customers?

ITINS also allow our customers to:	ITINS do not allow:
<p>Open bank accounts: Some banks and credit unions accept ITINS, allowing folks to open checking/savings accounts.</p> <p>Build credit: For lenders who accept ITINS, ITIN-holders can apply for loans and credit cards, and build their credit.</p> <p>Secure a mortgage: Some lenders allow borrowers to use an ITIN to apply for a mortgage, making homeownership possible without an SSN.</p>	<p>Social Security benefits: ITIN-holders can't receive Social Security benefits, even if they pay into the system through W-2 payroll taxes.</p> <p>Immigration status: ITINS do not provide any immigration benefits or legal status.</p> <p><i>Immigration status and tax residency status are not the same thing; we should only ask customers what we need to know for tax purposes.</i></p>