



What Is an ITIN?

An Individual Taxpayer Identification Number or ITIN is a tax identification number the IRS issues to people who are not eligible to receive a Social Security Number (SSN). The ITIN program was created in 1996 to help individuals meet federal tax obligations. Prior to the ITIN program, nonresidents were issued a Social Security Number (SSN).

An ITIN generally serves one main purpose: federal tax reporting. As a nonresident owner of U.S. real estate if you are not renting your property and only using the property as a vacation home, you do not need to obtain an ITIN.

What an ITIN does not do:

- Give you work authorization
- Make you eligible for Social Security benefits
- Serve as general identification outside the tax system
- Change your immigration status

When do I need to obtain an ITIN?

The IRS requires there to be a reason for issuing an ITIN. You cannot apply for an ITIN without a valid reason as defined by the IRS. Foreign investors who purchase real estate to rent, invest in an interest in a U.S. partnership, or are selling their real estate and are required to file a U.S. tax return are a few of the more common reasons to apply for an ITIN.

Other reasons to apply for an ITIN:

- **Nonresident alien required to file a U.S. tax return:** Individuals not living in the U.S. who must report U.S.-sourced income.
- **Resident alien filing a U.S. tax return:** Individuals who meet the "substantial presence test" but are ineligible for an SSN.
- **Dependent or spouse of a U.S. citizen or resident alien:** To be claimed for an allowable tax benefit on a joint or individual return.
- **Dependent or spouse of a nonresident alien visa holder:** Such as family members of individuals on temporary employment visas.
- **Claiming tax treaty benefits:** Nonresident aliens who need an ITIN to claim reduced withholding or exemptions under a U.S. income tax treaty.
- **Nonresident alien student, professor, or researcher:** Individuals filing a return or claiming an exception due to scholarships, fellowships, or grants.
- **Passive income reporting:** Recipients of interest, dividends, or rental income subject to third-party withholding.
- **U.S. real estate transactions:** Foreign persons selling U.S. real property (FIRPTA reporting) or those with U.S. home mortgages requiring reporting.
- **Pension or annuity distributions:** Nonresident aliens receiving payments from a U.S. pension or annuity.

Once you determine you have a need for an ITIN there are various ways to submit an application for one.



Strict Documentation Requirements

The IRS changed documentation rules significantly in 2012 and made further changes in 2015 and 2017. These changes make getting and maintaining an active ITIN more difficult than before.

A fundamental change: The IRS no longer accepts notarized copies of your identification documents. This represents a major shift from prior requirements that were in place for many decades.

Previously, you could have documents notarized by a US notary or foreign notary recognized under international agreements. The IRS used to accept these copies. Those days are over.

What Documents You Must Submit

At the end of the article there is table listing acceptable documents.

Most individuals choose to utilize a Certifying Acceptance Agent(CAA) to prepare the required form and submit it and the required documents to the IRS. A CAA is an individual or entity authorized by a written agreement with the IRS to help foreign persons and others not eligible for a Social Security Number (SSN) obtain an Individual Taxpayer Identification Number (ITIN). A CAA can guide you through the process and assist with advising you on your available options and the current timing to receive an ITIN. Processing by the IRS can take several months. No matter which of the below three options you choose, a CAA can assist.

Generally though the simplest and most commonly used document is an unexpired passport. You have a few options for using a passport as documentation.

Option one: Have a CAA prepare make certified copies of your passport. A CAA is authorized to make a certified copy of your document(s) for submission to the IRS. This is the path many individuals use when applying for an ITIN.

Option two: Obtain copies certified by the issuing agency. This means the government office that issued your passport must certify the copy. It should be noted that not all countries offer this service. A US consulate can also provide certification.

Regular notarization doesn't meet this standard. The document must come directly from the passport office or consulate with their official certification.

Option three: Submit your original passport. If your passport is valid and issued by your country's government, it's the only document you need. It proves both your identity and foreign status.

The IRS returns passports within approximately 60 days. However, many people travel frequently and can't part with their passport for two months. Also, most applicants are not willing to send in their original passport.

When Do ITINs Expire (or become invalid)?

Federal law changed the ITIN program significantly starting in 2017. Under these changes, your ITIN can expire in two ways.

Expiration by non-use: If you don't file a US tax return using your ITIN for three consecutive years, it expires. The IRS tracks this automatically.





Expiration by issue date: ITINs issued before 2013 with specific middle digits expired on a rolling schedule. All ITINs assigned before 2013 have already expired based on their middle digits (the 4th and 5th positions).

For example, an ITIN formatted as 9XX-78-XXXX would have required renewal regardless of whether it was used on tax returns.

One way an ITIN would become invalid is when a taxpayer becomes eligible to receive a SSN, such as when a visa is issued or immigration status changes. If you become eligible for a Social Security Number (SSN), your ITIN is no longer valid and you must use your SSN for all future tax filings. Steps need taken to combine your ITIN tax file, if any, with your SSN tax file and inform the IRS of this change.

Consequences of Expiration

While an expired ITIN does not mean you are in trouble, it can create significant hurdles during tax season:

- **Delayed Refunds:** The IRS will still accept your return, but processing will be delayed.
- **Lost Tax Credits:** You may be temporarily ineligible for specific credits, such as the Child Tax Credit (CTC) or the American Opportunity Tax Credit (AOTC), until the ITIN is renewed.
- **Incomplete Filings:** The IRS may treat a return filed with an expired ITIN as incomplete.

How to Renew Your ITIN

Renewal requires submitting a new Form W-7 application. The form is the same one used for initial ITIN applications.

You must include fresh documentation proving your identity and foreign status. The IRS doesn't simply reactivate your old number based on previous paperwork.

Once renewed, your ITIN remains valid as long as you file a US tax return at least once every three years.

Secondary and Practical Benefits

While issued solely for federal tax purposes, an ITIN can be used for several other practical reasons such as opening an interest bearing bank account or claiming tax credits. There are other practical benefits that are beyond the scope of this article to cover.

Key Points to Remember

Your ITIN expires if unused for three consecutive years. Check its status before beginning any real estate transaction. Documentation requirements are strict. Notarized copies no longer work. You need originals or agency-certified copies. Processing takes weeks or months. Start renewal early, especially during tax season. Both buyers and sellers need valid ITINs when applying for reduced withholding on property sales. An expired ITIN blocks tax return processing, withholding applications, and refunds. Renewing your ITIN before you need it prevents costly delays when selling property or handling other tax matters. Foreign nationals who own US real estate should treat their ITIN like any other important legal document. Keep it current, know where to find it, and understand when you must renew it. Taking these steps protects your financial interests and prevents unnecessary complications in real estate transactions.





Author's Notes:

As a CAA, I am happy to advise you on the options available to you in applying for your ITIN.

This article is not intended to be tax advice.

It is important to consult with tax professionals who regularly handle taxpayers with cross border issues or fact patterns that are more complex. The expertise of the professional is more important than where they are physically located. Professionals that have expertise in these matters can help ensure you understand your specific obligations and explore available options.

About the author:

David A Cumberland, CPA CGMA has presented at the local, state, and national level. David has authored articles intended for both the taxpayer and the tax professional. He is vice chair of the FICPA International tax committee and founder of Cumberland CPA & Co. which serves clients worldwide. He has published in the FICPA's Florida CPA Today magazine and produces client-based tax articles in English and Spanish to educate both current and prospective clients and advisors to those clients. He primarily practices in the area of inbound international tax work covering both individual and business tax preparation and consulting. Fluent in Spanish, his emphasis is working with international clients or clients with international considerations. David brings unique value and perspective to advising clients as a CPA as he has more than two decades of operational management experience in business in addition to a technical tax background.

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Supporting Documentation	Can be used to establish:	
	Foreign status	Identity
Passport (the only stand-alone document*)	X	X
U.S. Citizenship and Immigration Services (USCIS) photo identification	X	X
Visa issued by the U.S. Department of State	X	X
U.S. driver's license		X
U.S. military identification card		X
Foreign driver's license		X
Foreign military identification card	X	X
National identification card (must contain name, photograph, address, date of birth, and expiration date)	X	X
U.S. state identification card	X	X
Foreign voter's registration card	X	X
Civil birth certificate	X**	X
Medical records (valid only for dependents under age 6)	X**	X
School records (valid only for a dependent under age 24, if a student)	X**	X
* Applicants claimed as dependents who need to prove U.S. residency must provide additional original documentation if the passport doesn't have a date of entry into the United States. ** May be used to establish foreign status only if documents are foreign.		