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**United States – Revised
ITIN Policy Eases Burden
on Taxpayers**

by KPMG LLP's Washington
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On June 30, 2014, the U.S. Internal Revenue Service (IRS) announced that Individual Taxpayer Identification Numbers (ITINs) will expire if not used on a federal income tax return for five consecutive years.¹ Prior to this policy change, ITINs issued after January 1, 2013, would have automatically expired after five years even if used properly and regularly by taxpayers.² The new policy, which applies to any ITIN regardless of when issued, ensures that anyone who uses an ITIN for tax purposes can continue to do so. The IRS will begin deactivating ITINs in 2016.

Why This Matters

The new policy replaces the existing one that went into effect on January 1, 2013. Under the old policy, ITINs issued after January 1, 2013, would have automatically expired after five years, even if used properly and regularly by taxpayers. As a result of the announced change, any ITIN, including ITINs issued after January 1, 2013, will remain in effect provided a taxpayer continues to file U.S. tax returns. These taxpayers no longer face mandatory expiration of their ITINs and the need to reapply starting in 2018, which was the case under the old policy.

In the announcement the IRS noted that only about a quarter of the ITINs issued since the ITIN program began are being used on tax returns. The new policy will ensure that anyone who legitimately uses an ITIN for tax purposes can continue to do so, while at the same time resulting in the likely eventual expiration of millions of unused ITINs.

Under the New Policy

- An ITIN will expire for any taxpayer who fails to file a federal income tax return for five consecutive tax years.
- The IRS will not begin deactivating unused ITINs until 2016. This grace period will allow anyone with a valid ITIN, regardless of when it was issued, to still file a valid tax return during the upcoming tax-filing season.
- A taxpayer whose ITIN has been deactivated and needs to file a U.S. tax return can reapply using Form W-7, *Application for IRS Individual Taxpayer Identification Number*. As with any ITIN application, original documents, such as passports, or copies of documents certified by the issuing agency must be submitted with the form.

Footnotes:

1 IRS Newswire, IR 2014-76.

2 For prior stories on ITINs, see the following issues of *Flash International Executive Alert*: [2013-120](#) (August 30, 2013) and [2012-215](#) (November 30, 2012). For a 2013 IES video on ITINs, see: www.kpmginstitutes.com/taxwatch/insights/2013/new-itin-requirements.aspx.

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