



GMS Flash Alert

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United States - IRS Reminds Taxpayers of Need to Renew Expiring ITINs

On October 6, 2016, the U.S. Internal Revenue Service (IRS) issued a release¹ to remind taxpayers affected by changes involving the individual taxpayer identification number (ITIN) program that they can now begin submitting their ITIN renewal applications to the IRS. (For prior coverage, see GMS [Flash Alert 2016-089](#), August 9, 2016.)

Under legislation enacted in 2015, any ITIN not used on a federal income tax return at least once in the last three years will no longer be valid for use on federal tax returns as of January 1, 2017. In addition, ITINs with the middle digits of 78 or 79 (xxx-78-xxxx; xxx-79-xxxx) need to be renewed even if the taxpayer has used it in the last three years.

Only ITIN holders who need to file a tax return in 2017 need to renew their ITINs. Taxpayers will need to have a current ITIN to file a federal return in 2017.

WHY THIS MATTERS

This reminder from the IRS is directed at taxpayers with an ITIN that is scheduled to expire and who will have a tax return filing obligation. If the taxpayer or his or her agent submits the application package in the next few days or weeks, taxpayers with ITINs may avoid unnecessary delays and could experience smoother and faster processing.

Background

The ITIN is a tax identification number that is used, generally, by individuals who need to file a tax return but are not eligible to obtain a social security number. But the issued ITIN has, in effect, a fixed validity period. The Notice provides guidance for renewing ITINs for taxpayers who hold ITINs that have expired or are set to expire based on the expiration schedule included in the *Protecting Americans from Tax Hikes (PATH) Act of 2015*. Under the terms of the PATH Act, any ITIN not used on a federal tax return at least once in the last three years will no longer be valid for use on a tax return as of January 1, 2017.

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IR-2016-129

The IRS release ([IR-2016-129](#)) dated October 6, 2016 reiterates that taxpayers with ITINs that have not been used on a federal income tax return in the last three years will not be able to file a return unless their ITINs are renewed. The IRS cautions taxpayers who have ITINs that are scheduled to expire, and who need to file a tax return, not to delay.

The IRS release addresses: (1) which taxpayers need to renew an ITIN; and (2) sets out how to renew an ITIN.

Expiring ITINs

ITINs issued prior to January 1, 2013, will begin to expire as of January 1, 2017, based on a rolling schedule. The first ITINs set to expire based on this schedule are ITINs with the fourth and fifth digits of 78 or 79.

According to the release, the IRS recently mailed more than 300,000 letters (Letter 5821, also available in Spanish on <http://www.irs.gov>) alerting taxpayers with ITINs with middle digits of 78 or 79 of the need to renew their ITINs.

Individuals who receive Letter 5821 are able to renew ITINs starting as of October 1, 2016.

FOOTNOTE:

1 See [IR-2016-129](#) (October 6, 2016) on the IRS website.

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KPMG's Global Mobility Forum – Monday, 17 October to Wednesday, 19 October 2016 Eden Roc Hotel in Miami Beach, Florida, USA

This year's Global Mobility Forum, hosted by KPMG's Global Mobility Services practice, will take place at the Eden Roc Hotel in Miami Beach, Florida, from Monday, 17 October to Wednesday, 19 October 2016.

Deploying talent in a fast-moving, borderless economy is challenging. Change is a constant for the mobility and HR professionals who must operate within this ever-evolving landscape. They must proactively adapt to change and manage disruption to enable success within their organizations.

The 2016 KPMG Global Mobility Forum is designed to provide insights, leading practices and ideas to help turn these challenges and changes into opportunities. Corporate professionals — with experiences ranging from international human resources and tax, to immigration and employment law — and KPMG professionals are coming together to discuss new strategies for adapting to change and embracing disruption within global mobility and talent management.

For more information, please contact your local KPMG professional or e-mail go-fmforum@kpmg.com.

The above information is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230 as the content of this document is issued for general informational purposes only.

The information contained in this newsletter was submitted by the KPMG International member firm in the United States.

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