

GMS Flash Alert

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United States - Delays Occurring for Issuance of ITINs, Certificates of Coverage

Recently, professionals with the Washington National Tax practice at KPMG LLP (U.S.) have been made aware of delays in processing applications for Individual Taxpayer Identification Numbers (ITINs) and Certificates of Coverage (COCs) in the United States that will be of interest to global-mobility professionals.

WHY THIS MATTERS

ITIN applications are generally attached to tax returns, and the returns will not be processed until the ITIN has been issued. Thus, delays in processing ITIN applications may hold up issuance of tax refunds, and may delay the ability to file other tax documents that must include the ITIN.

Some countries require that a COC be provided in order to process a visa application, so delays in issuance of COCs may have a direct impact on the planning of international assignments.

Individual Taxpayer Identification Number Applications

U.S. taxpayers who do not qualify to receive a Social Security Number (SSN) must instead apply for an Individual Taxpayer Identification Number (ITIN) to be used on all U.S. tax filings. An ITIN is applied for by submitting U.S. Internal Revenue Service (IRS) Form W-7, *Application for IRS Individual Taxpayer Identification Number*, together with the proper documentation. In most cases, the application is attached to the tax return for which an identification number is needed.

KPMG LLP (U.S.) is aware that ITIN applications are currently taking 10 weeks to be processed, a backlog that is significantly decreased from the 17-week wait that was being experienced just a month ago. However, with tax filing season about to begin, it should be expected that wait times may increase again, as the volume of applications being filed with returns increases significantly. From a procedural standpoint the IRS processes the ITIN application first, and

only processes the tax return that the ITIN application was attached to after issuance of the ITIN. Thus, the delay in ITIN application processing may result in delays in tax refund payments.

Once the taxpayer has received the ITIN, he or she should make note of it for future reference. The ITIN should be used on all tax returns and correspondence with IRS, unless and until the taxpayer is eligible to obtain a SSN.

KPMG NOTE

ITINs expire if they have not been used in the prior three tax years, making necessary a reapplication. In addition, ITINs issued before 2013 will expire, or have already, regardless of how recently they have been used, and must also be renewed via a new application. See [GMS Flash Alert 2020-360](#) and this [IRS information page](#) for more information on this topic.

Certificate of Coverage Applications

U.S. citizens or residents who are working abroad for a U.S. employer are generally subject to U.S. social security and Medicare tax ("FICA") and may also be subject to the social security tax of the country where they are working. Conversely, nonresident aliens who work in the United States for even a short period may be subject to FICA while remaining subject to their home country social security tax.

The United States has bilateral social security agreements with 30 countries¹ that aim to eliminate double social security tax, and contain provisions that allow workers to be exempt from host-country social security tax, in most cases for up to five years, when sent by their home-country employer. The host country will generally require that the employer obtain from home country social security authorities a COC demonstrating that an employee remains subject to home-country social security tax, which validates exemption from corresponding host-country taxes.

Officials at the U.S. Social Security Administration (SSA) Office of International Programs have for some time acknowledged significant delays in approval of COCs, made worse by work-flow constraints created by the coronavirus pandemic. It is possible to request the status of a COC application at the SSA's [online application portal](#), but applicants are advised to wait 90 business days (i.e., 18 weeks) before submitting a status request.

KPMG NOTE

Where a COC is urgently needed (e.g., because the host country requires one in order to issue a visa), it is possible to advise the SSA via [email](#), stating the reason for the rush request, and providing the control number of the COC application.

FOOTNOTE:

¹ Australia, Austria, Belgium, Brazil, Canada, Chile, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, the United Kingdom, and Uruguay.

Available Now! "2022 Personal Tax Planning Guide"

The KPMG 2022 personal tax planning guide supports year-end tax planning and helps you plan for the year ahead. Prepared by tax professionals from our Washington National Tax office, the guide provides valuable information and insights to support your year-end tax planning and ensure your tax position is in shape heading into 2022.

To access a copy, click [here](#).

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