

**MEMO# 7913**

June 3, 1996

## **FINAL REGULATIONS REQUIRE ""ITIN"" ON FOREIGNER'S TAX RETURN**

1 See Institute Memorandum to Tax Members No. 30-95, Operations Committee No. 21-95 and Transfer Agent Advisory Committee No. 34-95, dated June 12, 1995. June 3, 1996 TO: TAX MEMBERS No. 25-96 OPERATIONS MEMBERS No. 22-96 TRANSFER AGENT ADVISORY COMMITTEE No. 28-96 RE: FINAL REGULATIONS REQUIRE "ITIN" ON FOREIGNER'S TAX RETURN \_\_\_\_\_ Last

year, the Internal Revenue Service ("IRS") issued proposed regulations that would require nonresident aliens ("NRAs") who are not eligible to receive social security numbers to include an IRS-generated "individual taxpayer identification number" or "ITIN" on any U.S. income tax return filed.<sup>1</sup> The proposed regulations contemplated that NRAs would apply for an ITIN by submitting to IRS or an IRS-authorized "acceptance agent" a new IRS Form W-7, "Application for IRS Individual Taxpayer Identification Number," along with documentation designed to substantiate the applicants identity and foreign status. The ITIN would be needed, for example, by any NRA investor seeking to recover overwithheld U.S. tax, a claim which is filed on IRS Form 1040NR, "U.S. Nonresident Alien Income Tax Return." The attached final regulations adopt the proposed regulations with only minor changes. In general, the regulations are effective May 29, 1996, although the requirement that certain foreign persons furnish an ITIN on a tax return is effective for tax returns filed after December 31, 1996. The regulations also indicate that additional guidance on agreements between IRS and certain parties to act as "acceptance agents" will be issued and that IRS will begin accepting applications for ITINs on Form W-7 on or after July 1, 1996. We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment Note: Not all recipients of this memo will receive an attachment. If you wish to obtain a copy of the attachment referred to in this memo, please call the Institute's Information Resource Center at (202)326-8304, and ask for this memo's attachment number: 7913.