

IRS Changes ITIN Applications

Prior to 1996, there was no way for undocumented workers to file income taxes. Federal law requires people with U.S. income to pay taxes *regardless of their immigration status*. In fact, recent legalization proposals stipulate that applicants will need to show proof of having paid income taxes. And although some immigrants may be reluctant to reveal their personal information to the IRS, federal law prohibits the IRS from sharing taxpayer information with any other federal agency.

In 1996, the Internal Revenue Service created Individual Taxpayer Identification Numbers, known as ITINs or tax I.D.s. Taxpayers file a W-7 application and receive a nine digit number to use on their tax

returns. In the 2001 tax year, 530,000 Form 1040 tax returns were filed using an ITIN, according to a report issued on January 08, 2004, by the Inspector General for Tax Administration. This was a 99 percent increase over the previous three years. The returns reported an income of \$10.7 billion.

The same report shows that 925,000 ITINs were issued in 2002. The report also predicts that the number of Forms 1040 filed with ITINs will increase, with a potential to generate hundreds of millions of dollars in taxes that may not have otherwise been collected.

Although applying for an ITIN is a simple process, the IRS recently announced changes to the program

in order to strengthen controls over the issuance of ITINs.

- This year, those who apply for an ITIN number will have to attach their tax return to their ITIN application, a change from previous practices.

- Also, ITINs will no longer be issued in the form of a card, to avoid confusing it with a social security card. It will now arrive in the form of an authorization letter.

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Unless otherwise noted, all articles are written by Verónica Isabel Dahlberg and translated into Spanish by Adriana Pérez.

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Editor
The HOLA Journal
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