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U.S. Individual Taxpayer Identification Number Application Procedures and Fees

In the United States, to facilitate tax collection, the Internal Revenue Service (IRS) requires that it is necessary to submit corresponding tax identification numbers when filing federal tax returns. If you plan to open a corporate bank account or a personal bank account in the United States, the tax identification number of the company's responsible person or individual is also one of the required documents. Individual identification number includes Social Security Number (SSN) and Individual Taxpayer Identification Number (ITIN).

Social Security Number (SSN) is the tax identification number for individuals who are U.S. citizens, U.S. green card holders, or temporary working residents. SSN is nine-digit numbers issued by Social Security Administration (SSA), similar to the "ID card number" which is issued by China.

Individual Taxpayer Identification Number (ITIN) is the tax identification number for individuals who are not satisfied with the SSN application but have the responsibility for U.S. tax reporting issued by Internal Revenue Service (IRS). An ITIN is arranged in the same way as the SSN, starting with 9, with a total of 9 digits. An ITIN is valid for 5 years. If necessary, the taxpayer can re-apply for the existing number before it expires.

As the ITIN application is more complicated than the process of SSN regarding the required materials and procedures. This article will focus on explaining the application procedures and fees to apply the ITIN for your reference.

1. U.S. ITIN Application Services and Fees

Our fees for handling the ITIN application is USD1,000. In particular, our fee covers the following services:

- (1) Answer your questions regarding the ITIN application;
- (2) Kaizen will certify the original passport and address proof you provided;
- (3) Prepare and send the application documents to you for the signature;
- (4) Kaizen will review the signed application documents;
- (5) Mail the original copies to Kaizen NY office after approved the signed documents;
- (6) Submit all the application documents and passport copy to IRS to apply ITIN.

Notes:

- (1) Our fee quoted above does not cover courier charge;
- (2) Our fee quoted above excludes the taxes. If tax invoice is needed, value-added tax at the prevailing rate may be charged and collected.

2. Uses of an ITIN

ITINs do not serve any purpose other than federal tax reporting at the beginning, but to attract foreign investors do business in U.S., many U.S. local banks accept ITIN as a substitute document for SSN to approve the foreigners' applications to open bank accounts or credit cards. ITINs are issued regardless of immigration status, because both resident and nonresident aliens may have to file income tax return under the Internal Revenue Code. IRS issues ITINs to help individuals comply with the U.S. tax laws, and to provide a means to efficiently process and account for tax returns and payments for those who are not eligible for Social Security numbers.

ITIN does not authorize the ITIN holder to work in the U.S., to provide eligibility for Social Security benefits, or to qualify a dependent for Earned Income Tax Credit purpose.

3. Payment Time and Method

We currently accept Hong Kong Dollar check, cash or TT and credit card through PayPal only. If payment is settled through PayPal, extra 5% services fee will be charged. Upon receipt of your order, we will issue an invoice to you for your settlement. Because of the nature of services, we require full payment in advance. Also, once service is commenced, no service fee will be refunded except special cases.

4. Methods and Procedures to Apply an ITIN

Method 1:

Assign Kaizen to apply ITIN on your behalf. In this scenario, you can obtain at any time during the year, without mailing original identification documents to IRS. This method is the most efficient way if you plan to open individual bank account or business bank account for your company in U.S.

The application procedures for ITIN are listed as follows:

No.	Description	Time (Business Days)
1	Kaizen was entrusted to handle the ITIN application; you should prepare documents (listed in Part 5), then E-mail the whole package to Kaizen. Meanwhile, Kaizen service fees should be paid at this point;	Client schedule
2	Kaizen will certify the original passport and address proof you provided;	1
3	Kaizen will prepare the application documents, including the Form W-7, application letter, and signature instructions;	1
4	Kaizen will send the application documents (mentioned in 3) to you to review and confirm the accuracy;	1
5	After confirmed, please print duplicate copies in respect of application document, and sign those according the signature instructions, then email the signed documents for Kaizen review;	Client schedule
6	If the signed documents are eligible to use, please mail the original signed documents to Kaizen NY office;	Client schedule
7	Kaizen will submit all required documents to IRS to apply ITIN. The officer will review the documents, and mail to Kaizen the approved ITIN letter within 6 to 8 weeks, if approved;	6-8 weeks
8	Kaizen will notify you through Email once received the ITIN from the tax authority.	1

Note:

- (1) The number of days stated above are estimated and for reference only. In addition, they are estimated based on the assumption that all documents are provided as required.

Method 2:

You can file the ITIN application form, with your federal income tax return to IRS by mail. Please note, you must also include original identity documentation from the issuing agency (for example, the original Passport) to prove identity and foreign status, then the original documents you submit will be returned to you after approved.

You can also assign Kaizen to prepare your tax returns and apply ITIN at the same time. In this case, Kaizen will prepare your income tax returns, and prepare the application forms to obtain ITIN on your behalf. There is no need to mail the original identification documentation to IRS as Kaizen will certify the document you provided. Please note, the process in this option takes longer than the first method.

The application procedures, assigning Kaizen to prepare the tax return and apply ITIN at the same time, are listed as follows:

No.	Description	Time (Business Days)
1	Kaizen was entrusted to handle the ITIN application; you should prepare documents (listed in Part 5), then E-mail the whole package to Kaizen. Meanwhile, Kaizen service fees should be paid at this point;	Client schedule
2	Kaizen will help to certify the original passport and address proof you provided;	1
3	Kaizen will prepare the tax returns and ITIN application form W-7 on your behalf;	1-5
4	Kaizen will email you the draft of tax returns, Form W-7, and signature instructions for your review and further signature arrangement;	1
5	After confirmed, please sign the tax returns and Form W-7 according the signature instructions, then email the signed documents for Kaizen review;	Client schedule
6	If the signed documents are eligible to use, please mail the original signed documents to Kaizen NY office for our records;	Client schedule
7	Kaizen will submit the tax returns, together with all other required documents to IRS to apply ITIN. The officer will review the documents, and mail to Kaizen the approved ITIN letter within 6 to 8 weeks, if approved;	6-8 weeks
8	Kaizen will notify you through Email once received the ITIN from the tax authority.	1

Note:

- (1) The number of days stated above are estimated and for reference only. In addition, they are estimated based on the assumption that all documents are provided as required.
- (2) Please note that the service fee in this package does not include the filing of income tax return. Please consult with Kaizen professionals to know more on the quotation about tax return preparation.

5. Documents Required to Obtain the ITIN

For the purpose of applying the ITIN with IRS, the following materials should be prepared and provided:

- (1) The entity's registration document and registered address, if applicable;
- (2) Certified original passport (Kaizen will return the original passport after certification and only retain passport copy) and residential address proof (utility bill, phone bill, or bank statement, etc for the most recent 3 months) of the application;
- (3) Original signed application form W-7;
- (4) Original signed application letter (only apply to method 1) ;
- (5) Signed tax returns (only apply to method 2).

The identification and address proof, mentioned in (2), should be certified or notarized by Kaizen, local notary at the place of the shareholder and manager, lawyer, CPA, or bank manager.

6. Documents for You After the Registration

If you qualify for an ITIN and your application is complete, you will receive a letter from the IRS assigning your tax identification number usually within six to eight weeks (up to 11 weeks if requested during peak tax time (January 15 through April 30)). Applications mailed from abroad may take considerably longer. Expedited service is not available. Kaizen will notify you through Email once received the ITIN from the tax authority.

7. Expiration of the ITIN

ITINs that haven't been included on a U.S. federal tax return at least once in the last three consecutive tax years will expire. If your ITIN wasn't included on a U.S. federal tax return at least once for tax years 2016, 2017 or 2018, your ITIN will expire on December 31, 2019.

In addition, ITINs that were assigned before 2013 will expire according to an annual schedule based on the middle digits of the ITIN. The middle digits refer to the fourth and fifth positions of the ITIN. For example, the middle digits for 9xx-70-xxxx are "70." ITINs with middle digits (the fourth and fifth positions) "83," "84," "85," "86," or "87" will remain in effect until December 31, 2019. ITINs with middle digits "70" through "82" have expired.

If ITIN will be included on a U.S. federal tax return, the expired ITIN must be renewed in order to avoid delays in processing your tax return.

8. Renewal of the ITIN

If you receive notice that your ITIN is scheduled to expire and you will be filing a tax return or claim for refund in 2020, you should begin the renewal process as soon as possible. The process to renew an expiring ITIN is same with it when you first time apply the ITIN.

Kaizen U.S. office is a professional CPA firm, offers complete compliance services and business support, such as bookkeeping, financial statement audit, filing tax return, making payroll, etc. please reach out and discuss with our professional consultants for details.



If you wish to obtain more information or assistance, please visit our official website at www.kaizencpa.com or contact us through the following means:

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