

United States Agency for International Development

REVISED Interim Agency Guidance Related to Exchange Visitor U.S. Taxes

SYNOPSIS

USAID is issuing updated interim Agency guidance regarding **external requirements** pertaining to the application process for Individual Taxpayer Identification Numbers (ITIN's). USAID Exchange Visitors with program start dates on or after June 22, 2012 must receive ITINs under a procedure whereby USAID certifies the authenticity of its Exchange Visitors' identification documentation and submits the ITIN application to the U.S. Internal Revenue Service (IRS), on behalf of the Exchange Visitor. Any questions concerning this interim Agency guidance may be directed to Jeffrey Shahan, AID/E3/ED/HEWT, (202) 567-4061, jshahan@usaid.gov.

BACKGROUND

With few exceptions (see [ADS 252.3](#)), any foreign national who USAID sponsors fully or partially, directly or indirectly, for activities in the U.S. must enter the U.S. on a J-1 visa (a non-immigrant Exchange Visitor visa) processed under USAID's Student and Exchange Visitor Program (SEVP) designation granted by the Department of State. **All J-1 visa holders assisted with funds from U.S. sources, including USAID, are subject to the U.S. Internal Revenue Service (IRS) information reporting requirements, whether or not tax payments are due.**

Effective June 22, 2012, the IRS enacted interim procedural changes to the IRS Form W-7, Application for IRS Individual Taxpayer Identification Number (ITIN), filing process that required foreign nationals to submit their original passport or an officially certified copy of the passport or two forms of original or certified-copy alternative documentation to the IRS (to be held by the IRS for up to 60 days) along with the ITIN application. On October 2, 2012, the IRS clarified ITIN application requirements for individuals sponsored under the Student and Exchange Visitor Program (SEVP), under which USAID is a sponsor, allowing these Exchange Visitors to receive ITINs under an alternative procedure whereby USAID certifies the authenticity of its Exchange Visitors' identification documentation, rather than individual Exchange Visitors being required to submit the documentation to the IRS and having the documentation held by the IRS for up to 60 days. The following is interim Agency guidance to Sponsoring Units (and implementers, in accordance with their awards) related to this IRS clarification of the new ITIN application requirements.

INTERIM AGENCY GUIDANCE

Sponsoring Units (or implementers, in accordance with their awards) **must**:

- Determine if each Exchange Visitor is eligible to receive a Social Security Number (see [SSA Publication No. 05-10096](#)), and if the Exchange Visitor is eligible, ensure that he or she obtains a Social Security Number (SSN) using the [U.S. Social Security Administration Form SS-5, Application for a Social Security Number](#). **Please note that most USAID Exchange Visitors are ineligible to receive an SSN, and must therefore obtain an Individual Taxpayer Identification Number (ITIN).** If an Exchange Visitor is ineligible to receive an SSN, carry out the following actions that are required to obtain an ITIN for the Exchange Visitor:

1. Collect, review, and scan the following identifying documentation required for the ITIN application process from the Exchange Visitor, ideally prior to the Exchange Visitor's departure from his or her home country to the U.S., e.g., during pre-departure orientation (see [ADS 253.3.7.4](#)):
 - Passport - face page (with issue and expiration date dob full name picture)
 - Passport - signature page (if passport holder's signature is not on face page)
 - Valid J-1 Visa issued by the U.S. Department of State
2. Scan the Exchange Visitor's signed (by USAID RO/ARO) Form DS-2019 (see [ADS 252.3.5](#)).
3. Scan the Exchange Visitor's [AID Form 1381-6, Conditions of Sponsorship for U.S.-Based Activities](#) (see [ADS 252.3.6](#)).
4. Prepare and scan a signed (by the EV or authorized representative) [IRS Form W-7, Application for IRS Individual Taxpayer Identification Number](#). Generally-speaking, under "Reason you are submitting Form W-7", USAID EVs check boxes f. and h., on line h., claim exception 2c (or, if the EV is claiming tax-treaty benefits: claim exception 2b, and enter the name of the treaty country and treaty article number):

Reason you are submitting Form W-7. Read the instructions for the box you check. **Caution:** If you check box **b, c, d, e, f, or g, you must file a tax return with Form W-7 unless you meet one of the exceptions** (see instructions).

a	<input type="checkbox"/>	Nonresident alien required to get ITIN to claim tax treaty benefit	
b	<input type="checkbox"/>	Nonresident alien filing a U.S. tax return	
c	<input type="checkbox"/>	U.S. resident alien (based on days present in the United States) filing a U.S. tax return	
d	<input type="checkbox"/>	Dependent of U.S. citizen/resident alien	} Enter name and SSN/ITIN of U.S. citizen/resident alien (see instructions) ▶
e	<input type="checkbox"/>	Spouse of U.S. citizen/resident alien	
f	<input checked="" type="checkbox"/>	Nonresident alien student, professor, or researcher filing a U.S. tax return or claiming an exception	
g	<input type="checkbox"/>	Dependent/spouse of a nonresident alien holding a U.S. visa	
h	<input checked="" type="checkbox"/>	Other (see instructions) ▶ <u>exception 2c</u>	

Additional information for a and f: Enter treaty country ▶ _____ and treaty article number ▶ _____

5. Prepare and scan a cover letter (see appendix for sample template) on Sponsoring Unit (or implementer, in accordance with their award) letterhead, stating that the collected, reviewed, and scanned current identifying documentation was original or a duplicate certified by the issuing agency.
6. Assemble the aforementioned scanned documents (items 1-5) as **one merged document** called "W-7 package" (one separate W-7 package for each EV), and attach the W-7 package(s) to an email addressed to the Agency Responsible Officer or an Alternate Responsible Officer (see [ADS 252.2](#)) [send to: Jeffrey Shahan, AID/E3/ED/HEWT, jshahan@usaid.gov] requesting USAID to prepare an official letter of certification and submit the W-7 application package to the IRS.

- Provide a Statement of Expenditures to the Exchange Visitor (detailing training-related expenditures paid from U.S. sources on behalf of the Exchange Visitor) (see [ADS 253.3.3](#)).
- Assist the Exchange Visitor with filing appropriate Federal tax forms with the IRS, or file on their behalf.
- Fund all Federal, state, or local taxes on sponsored Exchange Visitors' U.S. source income resulting from the official USAID-funded U.S.-based program.

Income tax payment exclusions are as follows:

- Tax, penalties, or interest associated with an Implementer's failure to comply with Federal, state, or local statutes and regulations governing the timely reporting, withholding, payment of withholding tax on amounts of an Exchange Visitor's U.S. source income or an Exchange Visitor's home country tax liability;
- Tax, penalties, or interest for any period of time when Exchange Visitors are in Non-Returnee status;
- Tax, penalties, or interest on any sponsored Exchange Visitors' incomes received from sources outside the United States;
- Tax, penalties, or interest on any sponsored Exchange Visitors' income received from non-USAID sources, except from approved assistantships, approved paid internships, and approved on-the-job training; and
- Tax, penalties, or interest for Exchange Visitors who return to the U.S. after completion of their USAID-sponsored training and incur retroactive tax liabilities for the time spent under USAID sponsorship.

The procedures concerning Exchange Visitor taxes are contained in the [Internal Revenue Code, 1986](#).

CONTACT

Any questions concerning this interim Agency guidance may be directed to:

-- Jeffrey Shahan, AID/E3/ED/HEWT, (202) 567-4061, jshahan@usaid.gov

APPENDIX: Cover Letter Sample Template

[LETTERHEAD OF SPONSORING UNIT OR IMPLEMENTER]

[date]

United States Agency for International Development
Responsible or Alternate Responsible Officer for J-1 Visa Compliance
Office of Education (E3/ED/HEWT), PT Team
SA-44, Room 263
301 4th Street, SW
Washington, DC 20546

This letter certifies:

1. The attached completed Form W-7, Application for IRS Individual Taxpayer Identification Number and supporting documentation are for *[insert EV's full name]*, SEVIS ID *[insert SEVIS ID number (on upper-right corner of Form DS-2019)]*;
2. The name and SEVIS ID number have been verified by the undersigned;
3. The undersigned has verified that the applicant is not eligible for a SSN, will not be securing employment in the United States or receiving any type of income from personal services, and is receiving only non-compensatory income from scholarships, fellowships, or grants that is subject to IRS information reporting and/or federal tax withholding requirements during the current tax year;
4. The applicant's supporting original documents or copies certified by the issuing agency to establish identity and foreign status have been personally reviewed by the undersigned.

The applicant provided the following **two** originals or copies certified by the issuing agency to establish the applicant's identity and foreign status:

- Passport **Valid** J-1 visa issued by U.S. Department of State

Attachments:

- Completed and signed IRS Form W-7 – Application for IRS Individual Taxpayer Identification Number
- Copy of signed Form DS-2019 Certificate of Eligibility for Exchange Visitor Status (J-1 status)
- Copy of AID Form 1381-6, Conditions of Sponsorship for U.S.-Based Activities
- Copy of identification documents

The undersigned is representing the above named (see letterhead) USAID Sponsoring Unit or implementer.

(Printed name)

(Signature)

(Contact Telephone Number)

(Signature Date)