

United States Agency for International Development

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

SYNOPSIS

USAID is issuing interim Agency guidance, effective immediately and until further notice, related to **new external requirements** of the application process for an Individual Taxpayer Identification Number (ITIN). USAID Exchange Visitors with program start dates on or after June 22, 2012 must now receive ITINs under a new 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 from 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) requirement to file U.S. tax returns, 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 (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 the 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.

USAID Sponsoring Units are strongly encouraged to consider outsourcing these new ITIN application requirements via explicit acquisition and assistance awards, as appropriate. Alternatively, existing USAID implementers already providing Exchange Visitor processing services on an ongoing basis could extend these tax-related processing services to other USAID implementers on a fee-for-service basis.

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 current identifying documentation (original or duplicate certified by the issuing agency -- no notarized copies) required for the ITIN application process (see [IRS Form W-7 instructions](#)) from the Exchange Visitor prior to the Exchange Visitor's departure from his or her home country to the U.S., ideally during pre-departure orientation (see [ADS 253.3.7.4](#)):
 - Passport (face page, and J-1 visa page, if visa has been issued)

Or, any **two** of the following documents (one must include face photo)

 - U.S. Citizenship and Immigration Services (USCIS) photo identification
 - Visa issued by the U.S. Department of State
 - Foreign (non-U.S.) military identification card
 - National identification card
 - Foreign (non-U.S.) voter's registration card
 - Foreign (non-U.S.) civil birth certificate
 2. Scan the Exchange Visitor's signed Form DS-2019 (see [ADS 252.3.5](#)).
 3. Prepare and scan an [IRS Form W-7, Application for IRS Individual Taxpayer Identification Number](#).
 4. 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.
 5. Assemble and upload the aforementioned scanned documents (items 1-5) as **one merged document** called "W-7 package" to the Exchange Visitor's USAID Visa Compliance System (VCS) record.
 6. Request the Agency Responsible Officer or an Alternate Responsible Officer (see [ADS 252.2](#)) 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, 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 applicant is not eligible for a SSN; and
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 originals or copies certified by the issuing agency to establish the applicant's identity and foreign status:

- | | |
|--|---|
| <input type="checkbox"/> Passport | <input type="checkbox"/> U.S. Citizenship and Immigration Services (USCIS) photo identification |
| <input type="checkbox"/> Visa issued by U.S. Department of State | <input type="checkbox"/> Foreign military identification card |
| <input type="checkbox"/> National identification card | <input type="checkbox"/> Foreign voter's registration card |
| <input type="checkbox"/> Foreign Civil birth certificate | |

Attachments:

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 each identification document certified

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

(Printed name)

(Signature)

(Contact Telephone Number)

(Signature Date)