

Tax Law Change & ITINs: TY2019

Spouses and dependents living outside the US cannot apply for or renew an ITIN unless there is a specific tax benefit on the return.

Please verify one of the following benefits applies to the return before including a spouse or dependent applicant on the return who does not live in the United States.

1. Did anyone on the return have health insurance through the Marketplace?

Tax household size is relevant to Premium Tax Credit Reconciliation. If someone on the return received PTC through the Marketplace, it could be beneficial when reconciling to claim all eligible dependents.

2. With regard to a spouse:

Married Filing Joint status is generally a more beneficial filing status than Married Filing Separately (e.g. higher standard deduction).

3. With regard to a dependent:

A dependent parent residing in Mexico could qualify an unmarried taxpayer for the Head of Household filing status.

Additional tax benefits for tax years 2014 – 2018:

If someone on the return has an SSN and did not have health insurance, claiming all qualifying dependents could make that individual eligible for the Code G exemption (tax household income under 138% FPL) to avoid the Shared Responsibility Payment.

Additional tax benefit for tax years 2017 and prior:

The spousal and dependency exemption. This was ~\$4,000 that you could subtract from taxable income for each person on the return.

An alternate option to filing jointly is to claim the spouse's personal exemption (and the taxpayer file as Head of Household or Married Filing Separately). An ITIN is required, but the spouse does not sign the tax return.

The spouse must have:

- Had no gross income, **and**
- Not file a tax return, **and**
- Not be a dependent of another taxpayer