

Taxpayer Identification Number (TIN) Matching FAQ's

1) *What is a TIN?*

A TIN is a Social Security Number (SSN), Employer Identification Number (EIN), Individual Taxpayer Identification Number (ITIN), or Adoption Taxpayer Identification Number (ATIN).

2) *Why do I need to match a TIN?*

Internal Revenue Code (IRC) Section 6109(a)(1) provides any payer required to file an information return must include the payee's correct TIN. IRC 6109(a)(2) requires the payee to furnish their correct TIN to the payer. IRC Section 6109(a)(3) requires a payer to request a payee's TIN and include it in any returns filed with IRS. IRC Section 3406(a)(1)(A) provides that reportable payments are subject to backup withholding if the payee does not provide a correct TIN to the payer. The payer is required to withhold 30% of a reportable payment if the TIN is not provided at the time of the payment. IRS sends Backup Withholding (BWH) "B" Notices to payers if the TIN/name combination on the information returns does not match IRS records. Once a payer receives a "B" notice for a payee, the payer is required to track whether or not another is received within 3 years. If another "B" notice for that payee is received, the second "B" notice requires the payer to backup withhold until IRS gives permission to stop, even if a Form W-9 is provided by a payee. It is important to furnish correct TIN information to IRS. TIN Matching allows the payer to determine whether or not a payee's name and TIN match IRS records.

3) *What is a Form W-9?*

Form W-9, Request for Taxpayer Identification Number and Certification, certifies the payee's name and TIN, that the payee is not subject to backup withholding, and they are a U.S. person, including a U.S. resident alien.

4) *What is the penalty for a payer who furnishes an incorrect name/TIN to IRS?*

IRC Section 6721 provides a payer may be subject to a penalty for failure to file a complete and accurate information return, including a failure to include the correct payee TIN. The penalty is \$50 per return, with a maximum penalty of \$250,000 per year (\$100,000 for small businesses). The penalty for intentional disregard is \$100 per return, with no maximum penalty.

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5) *What is considered to be an invalid or missing TIN?*

A missing TIN is either completely missing, or contains invalid characters such as alphas or hyphens. An invalid TIN is one that doesn't match IRS records for that name/TIN combination. A TIN not currently issued cannot be found in either IRS or SSA records.

6) *Who will be able to use the TIN Matching system?*

Payers, or their authorized agents, who submit **only** Forms 1099-INT, DIV, PATR, OID, MISC and/or B to IRS may use the TIN Matching system. **NOTE: We currently cannot allow payers who do not submit any of these six forms, nor employers submitting Forms W-2, to use the TIN Matching system. Payers may only perform TIN Matching for the TIN/Name combinations for income subject to backup withholding reported on Forms 1099-B, DIV, INT, MISC, OID and/or PATR.**

7) *What is an authorized agent?*

An individual or company contracted to transmit information returns to the IRS on behalf of the firm. This would include third party service providers, transmitters, service bureaus, etc.

8) *How does TIN Matching over the Internet work?*

Users may TIN Match one of two ways:

- 1) Interactively – a user can submit up to 25 name/TIN combinations at a time during a session, and receive a response within 5 seconds.
- 2) Bulk downloads – users may download up to 100,000 name/TIN combinations and receive a response within 24 hrs.

9) *What type of response will the user receive?*

There are potentially six responses. These include:

Name/TIN combination matches IRS records	0
Missing TIN or TIN not 9-digit numeric	1
TIN not currently issued	2
Name/TIN combination does NOT match IRS records	3
Invalid request (i.e., contains alphas, special characters)	4
Duplicate request	5

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10) *What if the name/TIN combination matches IRS records, and I still receive a "B" notice?*

IRC Section 6724 provides any penalties under Section 6721 may be waived if the payer shows the failure to file a correct TIN on an information return was due to reasonable cause and not willful neglect. Payers who use the TIN Matching system may establish due diligence and reasonable cause if the information contained in their records matches IRS records.

11) *How do I apply to TIN Match?*

Detailed information about how to register and apply for TIN Matching will be provided on the www.irs.gov Website as we get closer to implementation, tentatively scheduled for Summer 2003 for interactive matching, and Fall 2003 for bulk TIN matching.

12) *Are there any costs to the payer using TIN Matching?*

No. There are no charges for using the TIN Matching system.

13) *How will I access TIN Matching?*

TIN Matching is one of the e-services products being offered via the Internet and accessible through the irs.gov Website. Specific information about how to register for e-services and apply for TIN Matching will be provided closer to the e-services Release 1 implementation in the Summer of 2003.

14) *Is it mandatory to use TIN Matching?*

No. TIN Matching is a tool for payers to verify the accuracy of the name/TIN information before they submit information returns to IRS. This in turn may reduce the number of information returns with invalid name/TIN combinations, thereby reducing the number of CP2100 "B" notices and 972CG penalty notices received by the payer.

15) *What are the hours of operation for the TIN Matching system?*

Payers will have access to the TIN Matching system 24 hrs a day, 7 days a week. There may be short time periods during the evening or night hours while data files are updated that TIN Matching may be briefly unavailable.

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16) How does the interactive TIN matching work?

Once you have been established as a user on the TIN Matching system, you will log in using a username and password, and agree to the Terms of Agreement. You will then be prompted to enter a TIN Type, TIN, and Name to be matched against IRS records. You may enter up to 25 TIN/Name combinations during each session. Once you enter "Submit", the system will return the TIN/Name combinations along with the "Match Indicator" to tell you whether or not the combination matched IRS records. You also have the option of entering each TIN/Name combination individually if you want to do a "Print Screen" and file each printout with the payee's records in order to establish due diligence.

17) How does the bulk TIN Matching work?

In bulk TIN Matching, you may attach a .txt file with up to 100,000 TIN/Name combinations to be matched. The .txt file will be formatted as follows:

TIN Type	(1 = EIN, 2 = SSN, 3 = Unknown)
TIN	(9 digit Taxpayer Identification Number)
Name	(up to 40 characters)
Account Number	(optional field for your use – up to 20 Alpha/numerics – NOTE: the system will <i>not</i> read this information)

The semi-colon { ; } will be the delimiter between fields. A carriage return will signify a new record. If you choose to not use the optional Account Number field, you will indicate its absence with an additional delimiter { ; ; }.

Example: TIN Type;TIN;Name;Account Number(carriage return)
TIN Type;TIN;Name;Account Number(carriage return)
TIN Type;TIN;Name;;(carriage return)
TIN Type;TIN;Name;Account Number(carriage return)
TIN Type;TIN;Name;;(carriage return)

If you submit a record without the required fields (TIN Type, TIN, Name), the response you will receive will be Indicator 4, Invalid Request. If you don't know the TIN Type, enter "3" and the system will check both the SSN and EIN master files. Within 24 hours, the response will be sent to a "secure object repository" and an email notification will be sent to you indicating a response is waiting. You will have 30 days to access and download the results file. Once accessed, the results are retained for 3

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days before being purged. The same information you sent in the .txt file will be returned with one additional field containing the results indicator.

18) What happens if I submit just the TIN or the name? Will IRS provide me with the correct name or TIN that is associated with the information I submit?

You must submit a TIN/Name **combination**. If you leave either the TIN or name blank, the system will consider it invalid (Indicator 4). Due to privacy issues, IRS will not divulge an entity's name or TIN. If you submit the same TIN with various names, after a certain number of tries, the system will automatically suspend your access for 96 hours. This was done to prevent "fishing".

19) Is there a limit to the number of bulk files I can upload each day?

No. There is currently no limit. Once the system has been fully implemented, and there are many users logged in, the time it takes to upload files may slow somewhat. At this time, there are no plans to restrict the number of uploads per user.

20) Who are the contacts for TIN Matching?

If you have questions about TIN Matching, you may contact Patricia.Alford@irs.gov or Larry.Simmons@irs.gov.