



**Reasonable Cause  
Regulations and  
Requirements for  
Missing and Incorrect  
Name/TINs (including  
instructions for reading  
magnetic tape)**



Department of the Treasury  
**Internal Revenue Service**

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# I INTRODUCTION

## Purpose:

### This publication:

- ✓ provides the information you need to avoid penalties for the information returns you filed with missing or incorrect taxpayer identification numbers (TINs),
- ✓ tells about the actions you must take or should have taken to solicit (ask for) a TIN, and
- ✓ explains what you have to do to establish reasonable cause.

The regulations affecting all persons who may be subject to penalties for failure to comply with the information reporting requirements under the Internal Revenue Code (IRC) are:

- ✓ 301.6721-1, Failure to file timely correct information returns,
- ✓ 301.6722-1, Failure to furnish timely correct payee statements,
- ✓ 301.6723-1, Failure to comply timely with other information reporting requirements, and
- ✓ 301.6724-1, Reasonable Cause

### What's New?

- ✓ Form W-2, *Wage and Tax Statement*, has been included in the Information Returns Reporting Program (IRP)
- ✓ Form 1099-Q, *Payments From Qualified Education Programs (Under Sections 529 and 530)*, has been included in the Information Returns Reporting Program
- ✓ Form 1099-CAP, *Changes in Corporate Control and Capital Structure*, has been included in the Information Returns Reporting Program
- ✓ Form 5498, *IRA Contribution Information*, has been included in the Information Returns Reporting Program
- ✓ Form 5498-SA, *HSA, Archer MSA, or Medicare+Choice MSA Information*, has been included in the Information Returns Reporting Program
- ✓ Form 1098-E, *Student Loan Interest Statement*, has been included in the Information Returns Reporting Program
- ✓ Form 1098-T, *Tuition Statement*, has been included in the Information Returns Reporting Program
- ✓ Courtesy copies of incorrect TINs/SSNs listings will be provided to payees although they may not be subject to penalty due to de minimis criteria

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## **II THE PENALTY FOR MISSING TINs AND INCORRECT NAME/TIN COMBINATIONS**

For each information return you filed with a missing taxpayer identification number (TIN) or with an incorrect name/TIN combination, you may be subject to a \$50 penalty. The penalty may be reduced to \$15 per return if you correct it within 30 days of the required filing date, or to \$30 if you correct it after the 30-day period but by August 1 of the year the return was required to be filed. The penalty is not imposed for a de minimis number of returns that you correct by August 1 of the filing year. The penalty may be waived if you can show reasonable cause.

## **III REASONABLE CAUSE**

The penalty for filing information returns with missing TINs or incorrect name/TIN combinations may be waived if you show that the failure was due to reasonable cause and not to willful neglect. To get a waiver, you must be able to demonstrate that you acted in a responsible manner both before and after the failure occurred and establish that:

- ✓ there were significant mitigating factors (for example, you have an established history of filing information returns with correct TINs), **or**
- ✓ the failure was due to events beyond your control (for example, a payee did not provide you with a correct name/TIN in response to your request for it).

Acting in a responsible manner means you must make an initial solicitation (request) for the payee's name and TIN (and if required, an annual solicitation). When you receive this information, you must use it on any future information returns you file.

## **IV NOTICE 972CG, NOTICE OF PROPOSED CIVIL PENALTY, Penalty Proposal Notice**

You will receive Notice 972CG and a listing of the information returns you filed with missing or incorrect name/TIN combinations. Notice 972CG proposes a penalty of \$50 for each return you did not file correctly. You should compare the listing with your records to determine:

- ✓ if you took appropriate action (see Part VI) to meet the requirements for establishing reasonable cause, and
- ✓ if you must make an annual solicitation in the current year to avoid penalties in future years.

Notice 972CG also may include proposed penalties for late filing and failure-to-file information returns on magnetic media or via electronic media. If your notice includes these penalties, you must also submit an explanation to substantiate reasonable cause in order to have them waived.

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### The Contents of Notice 972CG

- ✓ An explanation of the proposed penalty
- ✓ An explanation of how you should answer the notice
- ✓ A record of each submission considered in the penalty, including the form type, date received (if late filed), whether the returns were original or amended, the transmitter's control code (for magnetic/electronic filers), and the type(s) of penalty (ies) that applies
- ✓ A summary of the proposed penalty which takes into consideration all penalties proposed and the maximum penalty amount which can be assessed under IRC section 6721
- ✓ A response page

**Reminder:** *This is the only page of the notice you should return to the Internal Revenue Service Campus with your proof of solicitation or with your written explanation substantiating reasonable cause.*

You must check the appropriate box to indicate whether you fully agree, partially agree, or totally disagree with the proposed penalty. If you fully agree, you must sign in the space provided and submit payment.

### How to Answer Notice 972CG

**You have 45 days to answer Notice 972CG.**

- ✓ **If you need more time**, you must submit your request in writing (to the IRS Campus listed on the notice) **before** the end of the 45-day period.
- ✓ **If your reply shows that you established reasonable cause**, we will send IRS Letter 1948C to you saying that we accept your explanation.
- ✓ **If your reply does not establish or only partially establishes reasonable cause**, we will assess the penalty and send you a balance due notice (CP15/215) and a separate letter explaining your appeal rights.
- ✓ **If you agree with the proposed penalty**, you may submit a payment with the response page or sign the consent statement (on the response page) to show that you agree; then, we will send a balance due notice (CP15/215).
- ✓ **If you do not answer Notice 972CG within 45 days**, we will assess the full amount of the proposed penalty and send you a balance due notice (CP15/215).

*Interest accrues on the balance due from the date of the notice (CP15/215) and continues until the penalty is fully paid. We will remove interest from any penalty amount that is abated.*

## V SOLICITATIONS

A solicitation is a request by a payer for a payee to furnish a correct TIN. A solicitation may be required if a payer receives a backup withholding notice based on an incorrect payee TIN (CP2100 or CP 2100A). If you receive such a notice, you must make your solicitation pursuant to the backup withholding rules. See Publication 1679, *A Guide to Backup Withholding for Missing and Incorrect Name/TINs*, or Publication 1281, *Backup Withholding for Missing and Incorrect Name/TINs*. In addition, payers are required to make solicitations in order to avoid information reporting penalties. Such solicitations may be made in one of the following ways:

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## Annual Solicitations by Mail






**If you decide to do the annual solicitation by mail, you must send three items to the payee:**

- A letter stating that he or she must provide his or her TIN and that failure to do so may result in a \$50 penalty,
- Form W-9, *Request for Taxpayer Identification Number and Certification*, as applicable (or a substitute as long as it is substantially similar to Form W-9), and
- A return envelope, which may be - but is not required to be, postage prepaid.

**Note:** *If the annual solicitation is for a missing or incorrect name/TIN required to be reported on Form 1099-R, you may also include a Form W-4P, Withholding Certificate for Pension or Annuity Payments. If the annual solicitation is for a missing or incorrect SSN required to be reported on Form W-2, an employer may use Form W-4, Employee's Withholding Allowance Certificate.*

## Annual Solicitations by Telephone






You may do the annual solicitation by telephone if your solicitation procedure is designed and carried out in a way that is conducive to getting the payee's TIN. You may conduct a telephone solicitation if you:

-  Call each payee with a missing or incorrect name/TIN combination and speak to an adult member of the household, or to an officer of the business or the organization,
-  Request the payee's TIN,
-  Inform the payee that he or she is subject to a \$50 penalty if the TIN is not provided,
-  Keep records showing that the solicitation was properly made and
-  Provide your records to the IRS, if you are asked.

**Note:** *Annual solicitations are not required if payments were not made to the payee's account in the years in which the penalty notice is received or if no information returns are required for the account for that year.*

## Electronic Solicitations

Requesters may establish a system for payees to receive and respond to solicitations (Forms W-9 or W-4, generally) electronically, including by fax. A requester is anyone required to file an information return. A payee is anyone required to provide a taxpayer identification number (TIN) to the requester. Generally, the electronic system must—

-  Ensure the information received is the information sent, and document all occasions of user access that result in the submission.
-  Make it reasonably certain the person accessing the system and submitting the form is the person identified on the Form W-4 or W-9.
-  Provide the same information as the paper Form W-4 or W-9.
-  Require, as the final entry in the submission, an electronic signature by the payee whose name is on the Form W-4 or W-9 that authenticates and verifies the submission.
-  Be able to supply a hard copy of the electronic Form W-4 or W-9 if the Internal Revenue Service requests it.

**Note:** *For Forms W-9 that are not required to be signed, the electronic system need not provide for an electronic signature or a perjury statement. Additional requirements may apply.*



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## VI ACTIONS FOR MISSING TINs AND INCORRECT NAME/TIN COMBINATIONS

The following information explains when IRS requires an annual solicitation.

**Note:** You must usually use a Form W-8, Certificate of Foreign Status, or a substitute, to solicit the TIN for a nonresident alien, foreign entity, or exempt foreign person not subject to certain U.S. information return reporting or backup withholding. However, Form W-8 has been replaced. Requesters are to now see either of the following: Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, Form W-8ECI, Certificate of Foreign Person's Claim for Exemption From Withholding on Income Effectively Connected With the Conduct of a Trade or Business in the United States, Form W-8EXP, Certificate of Foreign Government or Other Foreign Organization for United States Tax Withholding, or Form W-8IMY, Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding. See the 2001 Instructions for Form 1042-S to determine which form you need to use. Additionally, Form W-9, Request for Taxpayer Identification Number and Certification, is an optional form that can be used in certain cases; see Form W-9 for more information.

### Missing TINs

A missing TIN is one that is not provided or is obviously incorrect. A TIN must have nine numbers. We consider a TIN missing if it **does not** have nine numbers, or if it includes an alpha character (a symbol other than an Arabic numeral). For payee accounts with missing TINs, you must:

- ◆ Complete an **initial** solicitation at the time the account is opened. The term "account" includes accounts, relationships, and other transactions. If you do not receive a TIN as a result of your initial solicitation, immediately begin backup withholding on reportable payments (under section 3406(b) of the Internal Revenue Code).
- ◆ Complete a **first annual** solicitation if you do not receive a TIN as a result of your initial solicitation, immediately begin backup withholding on reportable payments, by December 31 of the year in which the account is opened (for accounts opened before December) or by January 31 of the following year (for accounts opened the preceding December).
- ◆ Complete a **second annual** solicitation, if you do not receive a TIN or a valid TIN as a result of your first annual solicitation. You must complete this by December 31 of the year immediately following the calendar year in which the account was opened.

The following requirements apply to payee accounts with missing TINs for payments of designated distributions reported on Forms 1099-R. You must:

- ◆ Complete an initial solicitation, as previously described.
- ◆ Withhold from the taxable portion of any payment that is a designated distribution, and is subject to withholding, if you do not receive a response as a result of your initial solicitation. The rate of withholding depends upon the type of payment you are making. If the payment is nonperiodic (and is not an eligible rollover distribution), withhold at a rate of 10%. If the payment is periodic

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(and is not an eligible rollover distribution), the rate of withholding is based on the wage withholding tables, using the rate for a single individual claiming zero withholding allowances. If the payment is an eligible rollover distribution, the appropriate withholding rate is 20%.

- ◆ Complete a **first annual** solicitation if you do not receive a TIN as a result of your initial solicitation by December 31 of the year in which the account is opened (for accounts opened before December) or by January 31 of the following year (for accounts opened the preceding December).
- ◆ Complete a **second annual** solicitation if you do not receive a valid TIN as a result of your first annual solicitation by December 31 of the year the account was opened.

**Reminder:** *If you receive the TIN from the payee, you must include it on any future information return you file for that payee. You are not required to file a correction for a return with a missing TIN unless you are also correcting a money amount. However, an employer should file a Form W-2c, Corrected Wage and Tax Statement, even if the employer is only filing Form W-2c to report an employee's SSN.*

### **Incorrect TINs**

A name/TIN combination is incorrect when it does not match or cannot be found on IRS files that contain EINs, SSNs, and ITINs. For payee accounts with incorrect TINs, you must:

- ◆ Complete an **initial** solicitation when the payee opens the account. The term “account” includes accounts, relationships, and other transactions.
- ◆ Complete a **first annual** solicitation by December 31 of the calendar year in which IRS notifies you of an incorrect name/TIN combination or by January 31 of the following year if you were notified in the preceding December. If you mail a first “B” notice (backup withholding notice) for an account in the calendar year you receive Notice 972CG or if you have already mailed a “B” notice with respect to this account for an information return filed for the same year as the penalty notice relates to, you will satisfy the requirement for the first annual solicitation. (See Publication 1679, *A Guide to Backup Withholding for Missing and Incorrect Name/TINs*, or Publication 1281, *Backup Withholding for Missing and Incorrect Name/TINs*.)
- ◆ Complete a **second annual** solicitation within the same time frame as required for the first annual solicitation if you are notified of an incorrect name/TIN combination in any subsequent calendar year following the year of the first notification. If you mail a second “B” notice for an account in that subsequent calendar year or if you have already mailed a “B” notice with respect to this account for an information return filed for the same year as the penalty notice relates to, you will satisfy the requirement for the second solicitation. (See Publication 1679, *A Guide to Backup Withholding for Missing and Incorrect Name/TINs*, or Publication 1281, *Backup Withholding for Missing and Incorrect Name/TINs*.)

**The following requirements apply to payee accounts with incorrect TINs for payments of designated distributions reported on Forms 1099-R. You must:**

- ◆ Complete an initial solicitation, as previously described.
- ◆ Complete a **first annual** solicitation within 30 business days from the date on which you receive a Notice 972CG.
- ◆ Continue to treat as valid any withholding election the payee previously made by completing

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Form W-4P (or a substitute form) if the payee responds to the first annual solicitation within 45 days confirming that the name/TIN combination in your records is correct.

- ◆ Disregard any existing withholding election based on the prior name/TIN combination if the payee responds to the first annual solicitation within 45 days and furnishes a different name/TIN combination. In order to notify the payor regarding the amount, if any, of income tax to be withheld from future designated distributions, the payee must submit a new withholding election by completing Form W-4P (or a substitute form). This new withholding election will be effective on the date provided in Treasury Regulation Section 35.3405-1, Q&A D-21, i.e., no later than the January 1, May 1, July 1 or October 1 after it is received, provided that it is received at least 30 days before that date. You must withhold from any periodic payments you make before receiving the new withholding election using the wage withholding rate for a married individual claiming three withholding allowances.
- ◆ Withhold from any subsequent payments that are designated distributions subject to withholding if the payee does not respond to the first annual solicitation within 45 days. Alternatively, upon receipt of a Notice 972CG in which the IRS notifies you of an incorrect name/TIN combination, you may instead choose to disregard any prior withholding election made by the payees whose name/TIN combinations are identified as incorrect in the Notice 972CG. In that event, the payor should consider these payees to have no withholding election in effect until receipt of new withholding elections on Form W-4P (or a substitute form).
- ◆ Complete a **second annual** solicitation within the same time frame as required for the first annual solicitation if you are notified of an incorrect name/TIN combination in any calendar year following the first notification.

**Reminder:** *If you receive a corrected TIN from the payee, you must include it on any future information return you file for that payee. You are not required to file a correction for a return with an incorrect TIN unless you are also correcting a money amount. However, an employer should file a Form W-2c, Corrected Wage and Tax Statement, even if the employer is only filing Form W-2c to correct an employee's SSN.*

### **Exceptions to the Requirement for Two Annual Solicitations**

In most cases, the IRS will consider that you acted in a responsible manner for reasonable cause if you followed the preceding rules. However, there are exceptions to the requirement for two annual solicitations:

- ◆ **For Form 1098, Mortgage Interest Statement**, you should do a solicitation annually until you get the TIN of the payee of record.
- ◆ **For Form 1099-S, Proceeds from Real Estate Transactions**, you must do an initial solicitation by the due date of the related real estate closing. No additional solicitation is required.
- ◆ If an account is closed in the same year in which you receive a penalty notice for that account, do the required solicitation if you paid reportable payments to the account in that year, or if you are otherwise required to file on that account for that year.
- ◆ If you receive a backup withholding notice for an incorrect payee name / TIN, follow the solicitation requirements under the backup withholding rules (IRC Section 3406). **DO NOT** follow the general solicitation requirements explained in this publication; see IRS Publication 1679 or 1281.

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If you receive both backup withholding notices and penalty notices with respect to the same account, you will generally not have to make more than 2 annual solicitations; see **Incorrect TINs** above.

### **Comparison of Payee Listings to Your Records**

You must compare the listing(s) of incorrect TINs with your records to determine if the name/TIN combinations agree or disagree with those records.

- ◆ Generally, if an account number is provided on the listing, you only need to identify an account(s) with that corresponding number or designation that has the same name/TIN combination. If an account number is not provided, try to identify all accounts that relate to the same incorrect name/TIN combination.
- ◆ If the name/TIN combination on the listing agrees with your records, do the required solicitation if you haven't already done it.
- ◆ If the name/TIN combination on the listing disagrees with your records, you are not required to do a solicitation. However, you must determine if:
  - 📁 You made an error in the name/TIN combination when filing the information return. If you did, you must include the correct name/TIN combination on any future information returns you file. However, an employer should file a Form W-2c, *Corrected Wage and Tax Statement*, even if the employer is only filing Form W-2c to correct an employee's SSN.
  - 📁 The name/TIN combination was updated in your records after you filed the information return. If it was, include it on any future returns you file. However, an employer should file a Form W-2c, *Corrected Wage and Tax Statement*, even if the employer is only filing Form W-2c to correct an employee's SSN.
  - 📁 The information was incorrectly read during processing. If so, you should notate your records and not take any further action.

## **VII FORM W-2 SSN SOLICITATIONS**

This section specifically applies to employers. An employer must make an initial solicitation for the employee's SSN at the time the employee begins work. The initial solicitation of the employee's SSN may be made in person or by oral or written request. The SSN may also be requested through other communications, by mail, telephone, or other electronic means. The employer may rely in good faith on the number provided by the employee and use it in filling out the employee's Form W-2, *Wage and Tax Statement*.

An employer has an obligation to ask for Form W-4, *Employee's Withholding Allowance Certificate*, from a new employee. Under section 3402(f)(2)(A) of the Internal Revenue Code, an employee must provide a signed Form W-4 (or a substitute form) on commencement of employment, stating the number of withholding exemptions claimed by the employee.

Since the employee is required to furnish Form W-4 to the employer on commencement of employment, Form W-4 may be used for the initial solicitation of the employee's SSN. An employer who retains the

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Form W-4 in its records will be able to document that an initial solicitation of a TIN was made, documenting that it acted in a responsible manner.

Employers have a responsibility to file correct information on their employees' Forms W-2. Failure to do so may result in a penalty of \$50 per incorrect Form W-2. However, the penalty will not apply to any failure that an employer can show was due to reasonable cause and not to willful neglect. Generally, employers want to demonstrate that the failure to provide correct information was due to an event beyond their control or that there were significant mitigating factors. They also want to demonstrate that they acted in a responsible manner and took steps to avoid the failure.

If an employer receives a penalty notice based on a failure to include the employee's social security number (SSN) on the Form W-2, and seeks a waiver of the penalty based on the failure of the employee to provide the SSN, special requirements apply for establishing that the employer acted in a responsible manner. The employer must show that it made an initial solicitation for the employee's SSN at the time the employee began work – in person, or by mail or telephone. The employer must have also made an annual solicitation for the employee's SSN during the same calendar year (or by January 31 of the following year for employees who began work during the preceding December). If the employer still does not receive an SSN, the employer must make a second annual solicitation by December 31 of the year following the calendar year in which the employee began work. The annual solicitations may be made by mail or telephone.

If an employer receives a penalty notice based on a failure to include the correct SSN on the Form W-2, and seeks a waiver of the penalty based on the failure of the employee to provide the correct SSN, the special requirements for establishing that the employer acted in a responsible manner are slightly different than in the case of a missing SSN. The employer must show that it made the initial solicitation for the employee's correct SSN at the time the employee began work, and that it used the number the employee provided. No additional solicitations for the SSN are required unless the IRS sends a penalty notice to the employer notifying it that the employee's SSN is incorrect. Following receipt of an IRS notice, the employer is required under the regulations to make an annual solicitation for the correct SSN. If another IRS notice is received in a subsequent year, a second annual solicitation is required. The annual solicitations must be made by December 31 of the year in which the penalty notices are received (or by January 31 of the following year if the notice is received during the preceding December). Solicitations may be made by mail, telephone, electronically, or in person. A solicitation is not required if no reportable payments will be made to the employee in that year. The SSN provided by the employee in response to a solicitation must be used by the employer on Forms W-2 that are due subsequent to receipt of the SSN.

If the employer receives further IRS notices based on the missing or incorrect SSN of the employee after having made two annual solicitations, the employer is not required to make further solicitations. The employer's initial and two annual solicitations demonstrate that it has acted in a responsible manner before and after the failure and will establish reasonable cause under the regulations.

**Note:** For purposes of establishing reasonable cause in connection with the penalty provisions, it is the solicitation of the employee's correct SSN that is important. If the IRS notifies the employer that the SSN is incorrect, then the Form W-4 may be used for any required annual solicitations of the employee's SSN.

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Employers may use Social Security Administration's (SSA) SSN Employee verification system, known as EVS, to verify its employees' names and SSNs, but there is no federal tax requirement to do so. EVS is a useful, optional way for employers to identify potential discrepancies and correct SSNs before receiving penalty notices.

Generally, EVS and IRS records are consistent. However, it is important to note that the database used by SSA to match names and SSNs may not be identical to the IRS database. IRS penalty notices relating to mismatched TINs are based and issued exclusively on IRS system information. Mismatches reported under EVS are not considered IRS notices and do not trigger any re-solicitation requirements under IRS rules for reasonable cause waivers. If an employer receives a mismatch response from EVS, the employer may wish to resolicit the employee's SSN and try to obtain correct information prior to filing the Form W-2.

A mismatch determined by SSA's EVS will not necessarily result in an IRS penalty notice and annual solicitation requirements.

### **Questions and Answers**

Q. What are an employer's responsibilities for verifying an employee's SSN?

A. An employer has a requirement to solicit an employee's SSN at the time the employee begins work. Since the employee is required to furnish Form W-4 to the employer on commencement of employment, Form W-4 may be used for the initial solicitation of the employee's SSN. The employer may have to make up to two (2) annual solicitations for the SSN if it receives a penalty notice from the IRS. The Social Security Administration's (SSA) Employee Verification System (EVS) is a useful tool for employers and may alert them to potential penalty situations.

Q. What is most important for establishing reasonable cause in connection with Form W-2 penalty provisions?

A. It is the solicitation of the employee's correct SSN on the Form W-4 and the use of that number on the Form W-2 that is important.

Q. What should an employer do if they receive information from SSA EVS that an employee has an SSN mismatch?

A. Responses received through SSA's EVS system are not considered IRS notices and therefore do not directly enter into the determination of reasonable cause for waiving penalties. The employer is not required to solicit a new SSN from the employee, but may wish to do so.

Q. As an employer, what do I do if I receive an IRS notice about an incorrect SSN for an employee?

A. The employer is required under the regulations to make an annual solicitation for the correct SSN by mail, telephone, electronically or in person.

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Q. When is an employer required to do a second annual solicitation?

A. A second annual solicitation is required if the employer receives another IRS notice of incorrect SSN for the employee in a subsequent year.

Q. Is there anything that employers should not do based on the receipt of an IRS notice?

A. Employers should not use the receipt of an IRS notice as grounds for employee termination.

Q. What can employers do to take a proactive approach?

A. Employers should establish programs and processes for securing Forms W-4 and using the information in preparing Forms W-2. Also, they should have a process in place for re-solicitation of the required information upon receipt of a penalty notice. Employers should also remind their workers to report any name changes due to marriage, divorce, etc., to both the SSA and to the employer.

Q. What records are employers required to maintain to document they made the initial and/or annual solicitations?

A. After making a solicitation, the employer should retain the response from the employee or note the response from the employee in the employer's records. The employer should note that a solicitation was made even if no response was received from the employee. Since Form W-4 may be used for the solicitation of the employee's SSN, an employer who retains Form W-4 in its records will be able to document that a solicitation of a TIN was made, documenting that it acted in a responsible manner.

Q. If an employer receives a corrected SSN from an employee, should the employer file Form W-2c, *Corrected Wage and Tax Statement*?

A. Employers file Forms W-2 with Social Security Administration (SSA). SSA matches the name and social security number (SSN) on each Form W-2 against its database of all SSNs issued. When a match is found, the earnings information from the Form W-2 is recorded in the employee's lifelong earnings history. The earnings history is the basis for determining an employee's future eligibility and benefit amount for SSA's retirement, disability, and survivors programs. Thus, if an employer receives a corrected SSN from an employee, the employer should file a Form W-2c with a separate form for each year needing correction.

## **VIII THE IRS MATCHING PROCESS AND NAME CONTROLS**

**This section provides an overview of the IRS TIN matching process and the development of name controls.**

The information returns you file must include a correct name/TIN combination to allow us to match the information reported against the income included on the payee's income tax return. We check whether a

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name/TIN combination is correct by matching it against a file containing all social security numbers (SSNs) issued by SSA and against a file containing all employer identification numbers (EINs) issued by IRS.

We compare the name control on the payee document (if provided) to the name control on file. If a name control is not provided or is provided incorrectly, we develop it from the name(s) provided on the first two name lines (up to 40 characters for each name line including spaces) of the information return. If we can match a developed name control to the name control in our records, we consider it to be correct. If no match is found using this process, we consider your name/TIN combination to be incorrect.

*The chart on the back of Form W-9 has information for payees about “What Name and Number to give the Requester” of Form W-9.*

### **Name Controls**

A name control consists of up to four characters. To help ensure that the name/TIN combination for an account matches the name/TIN combination on SSA or IRS files, use the following information when you open an account for a payee.

#### **Individuals**

We develop a name control for an individual from the last name on the information return. For example: Ralph **Teak**— Dorothy **Willow** —Joe **McCedar**

If an individual has a hyphenated last name, we develop the name control from the first of the two last names. For example: Brandy **Cedar-Hawthorn**— Victoria **Windsor-Maple**

For joint names, regardless of whether the payees use the same or different last names, we develop the name control from the primary payee’s last name. For example: Joseph **Ash** & Linda Birch— Edward & Joan **Maple**

**Reminder:** *If a payee has changed his or her last name, for instance, due to marriage, please tell your payee to contact the Social Security Administration (SSA). SSA will issue a new social security card reflecting the payee’s new name and automatically send IRS the new name. To change the name shown on a social security card, the payee needs to complete SSA Form SS-5, Application for a Social Security Card. Form SS-5 is available at [www.socialsecurity.gov](http://www.socialsecurity.gov). Form SS-5 can be obtained by calling SSA at 1-800-772-1213 or visiting a local SSA office. **Note:** Form SS-5 is filed with SSA.*

#### **Sole Proprietors**

We generally develop the name control for a sole proprietor, who may have both an SSN and an EIN, from the individual’s last name (not the business name) on the information return. For example: Mark & Jane **Hemlock**, The Sunshine Cafe, or Karen **Birch**, Ace Computer Co.

If you are a sole proprietor using a “doing business as” DBA name, use your individual SSN for the EIN of the sole proprietorship. A sole proprietor must always use his/her individual name as the legal name of the business for IRS purposes.

#### **Estates**

We develop the name control for a decedent’s estate from the decedent’s name on the first name line on the information return. The decedent’s name may be followed or preceded by the word “Estate”. (The



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TIN should be the one that was assigned to the estate.) For example: Frank **White** Estate, Cynthia Greene, Exec., or Estate of Frank **White**, Gail Black, Exec.

### **Trusts and Fiduciaries**

We generally develop the name control for a trust or fiduciary account from the name of the person in whose name the trust or fiduciary account was established. For example: Jonathan **Periwinkle**, Irrevocable Trust, or **Memory Church**, Endowment Trust.

### **Partnerships**

We generally develop the name control for a partnership from the trade or business name of the partnership; if there isn't any, we develop the name control from the last name of the first partner on the original Form SS-4 (which was used to apply for the EIN).

For example: (The) **Oak Tree**, A.S. Greene, K.L. Black, & O.H. Brown, Ptrs.  
Bob **Orange** & Carol Black, et al Ptrs. d.b.a. The Merry Go Round  
E.F. **Brown**, M.S. White & T.J. Green, Ptrs., The Brown & White Company

### **Other Organizations**

We develop the name control for other organizations from the entity's name on the original Form SS-4 (which was used to apply for the EIN). For example: **St. Bernard's** Methodist Church Building Fund for St. Bernard's Church Main Street

**Note:** *Extraneous words, titles, punctuation, and special characters (such as Mr., Mrs., Dr., apostrophe, etc.), may be dropped during the development of name controls. For example, we dropped the period after "St" in St. Bernard's Methodist Church.*

## **IX WHERE TO CALL FOR HELP**

If you have any questions about Notice 972CG or the listing received, you may call:

Information Reporting Program (IRP) Centralized Call Site

Telephone . . . 1(866) 455-7438

Hours . . . 8:30 am to 4:30 pm EST Monday through Friday

Forms may be received by accessing the IRS website at [www.irs.gov](http://www.irs.gov).

If you think you may be using an incorrect Name/TIN combination, call the IRS at 1-800-829-3676 to order Publication 1635, *Understanding Your EIN*, Form W-9, *Request for Taxpayer Identification Number and Certification*, or Publication 15 (Circular E), *Employer's Tax Guide*. You may also visit the IRS website at [www.irs.gov](http://www.irs.gov) to obtain the above referenced forms and publications and additional information.

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# INSTRUCTIONS FOR READING MAGNETIC TAPE CARTRIDGE

## General

A tape cartridge file will have the following characteristics:

(A) 18 channel Standard Label/EBCDIC with:

- (a) odd parity and
- (b) a density of 1600 BPI.

(B) Tape cartridges will be 1/2-inch tape contained in plastic cartridges which are approximately 4-inches by 5-inches by 1-inch in dimension. Magnetic tape will be chromium dioxide particle based 1/2-inch tape.

(C) Tape cartridges are 3480 compatible

- (a) Contain 37,871 CPI
- (b) Tape thickness - 1.0 or 1.5 mils

## Record Length

A tape cartridge will be blocked 20, subject to the following:

- (A) a record will be 208 Cartridge positions,
- (B) all records except the Header and Trailer Labels will be blocked,
- (C) a block will be 4,160 Cartridge positions, and
- (D) in the event of a short block (less than 20 records), all remaining positions will be filled in with 9s.

## Tape Cartridge Marking Conventions

### Header Label:

1. Standard headers will be used. They will be marked VOL1, HDR1, HDR2.
2. The HDR1 record will contain the Data Set Name "04064211."
3. This record will be 80 positions long.

### Trailer Label:

1. Standard trailer labels will be used. They will begin with EOR1, EOR2, EOF1 or EOF2.
2. This label will be 80 positions long.

### Tape Cartridge Mark:

1. Cartridge marks are used to signify the physical end of the recording on the Cartridge.
2. They follow the header label and precede and follow the trailer label.

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**External Label:**

A label marked with the Data Set Name "04064211" will be put on the Cartridge(s).

**PAYER "A" RECORD Cartridge**

<b>POSITION</b>	<b>FIELD TITLE</b>	<b>LENGTH</b>	<b>DESCRIPTION AND REMARKS</b>
<b>1</b>	<b>RECORD TYPE</b>	<b>1</b>	<b>AN "A" WILL BE ENTERED</b>
<b>2-16</b>	<b>ACCESS KEY</b>	<b>15</b>	<b>NUMBER ISSUED BY THE IRS TO GROUP A PAYER'S INFORMATION RETURN TRANSMITTAL</b>
<b>17-18</b>	<b>SERVICE CAMPUS</b>	<b>2</b>	<b>TWO DIGIT SERVICE CAMPUS CODE BROOKHAVEN=19 CINCINNATI = 17 MEMPHIS = 49 OGDEN = 29 PHILADELPHIA = 28</b>
<b>19-27</b>	<b>PAYER'S EIN</b>	<b>9</b>	<b>THE NINE DIGIT NUMBER ASSIGNED BY THE IRS</b>
<b>28-67</b>	<b>PAYER'S NAME</b>	<b>40</b>	<b>SELF-EXPLANATORY</b>
<b>68-75</b>	<b>NUMBER OF DOCUMENTS</b>	<b>8</b>	<b>THE NUMBER OF INFORMATION RETURNS WITH MISSING AND INCORRECT TINS ASSOCIATED WITH THIS PAYER. IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED</b>
<b>76-83</b>	<b>BWH TIN STATUS 1 CNT</b>	<b>8</b>	<b>THE NUMBER OF DOCUMENTS SENT TO THE PAYER WITH A BWH-TIN STATUS-IND EQUAL TO "1" (SEE PAYER "B" RECORD). IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED</b>
<b>84-91</b>	<b>BWH TIN STATUS 2 CNT</b>	<b>8</b>	<b>THE NUMBER OF DOCUMENTS SENT TO THE PAYER WITH A BWH-TIN-STATUS-IND EQUAL TO "2" (SEE PAYER "B" RECORD) IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED</b>
<b>92-99</b>	<b>BWH TIN STATUS 3 CNT</b>	<b>8</b>	<b>THE NUMBER OF DOCUMENTS SENT TO THE PAYER WITH A BWH-TIN-STATUS-IND-EQUAL TO "3" (SEE PAYER "B" RECORD) IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED</b>
<b>100</b>	<b>FILLER</b>	<b>1</b>	<b>BLANK FILLED</b>
<b>101-104</b>	<b>TAX YEAR</b>	<b>4</b>	<b>TAX YEAR DOCUMENTS WERE SUBMITTED</b>
<b>105-208</b>	<b>FILLER</b>	<b>104</b>	<b>BLANK FILLED</b>

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**PAYER "B" RECORD CARTRIDGE**

<b>POSITION</b>	<b>FIELD TITLE</b>	<b>LENGTH</b>	<b>DESCRIPTION AND REMARKS</b>
<b>1</b>	<b>RECORD TYPE</b>	<b>1</b>	<b>A "B" WILL BE ENTERED</b>
<b>2-10</b>	<b>TIN</b>	<b>9</b>	<b>THE PAYEE'S TIN</b>
<b>11</b>	<b>BWH TIN STATUS</b>	<b>1</b>	<b>"1" MISSING TIN "2" NOT CURRENTLY ISSUED "3" INCORRECT NAME/TIN</b>
<b>12-16</b>	<b>TCC</b>	<b>5</b>	<b>TRANSMITTER CONTROL CODE</b>
<b>17-18</b>	<b>DOC TYPE</b>	<b>2</b>	<b>"02" = Form 1042-T "21" = Form W-2 "27" = Form 5498SA "28" = Form 5498 "31" = Form 1099-Q "32" = Form W2-G "71" = Form 1099-H "72" = Form 5498-ESA "73" = Form 1099-CAP "75" = Form 1099-S "79" = Form 1099-B "80" = Form 1099-A "81" = Form 1098 "83" = Form 1098-T "84" = Form 1098-E "85" = Form 1099-C "86" = Form 1099-G "91" = Form 1099-DIV "92" = Form 1099-INT "93" = Form 1099-LTC "94" = Form 1099-SA "95" = Form 1099-MISC "96" = Form 1099-OID "97" = Form 1099-PATR "98" = Form 1099-R</b>
<b>19-38</b>	<b>ACCOUNT NUMBER</b>	<b>20</b>	<b>PAYEE'S ACCOUNT NUMBER FROM PAYER</b>
<b>39-78</b>	<b>NAME LINE</b>	<b>40</b>	<b>PAYEE'S NAME LINE 1</b>
<b>79-118</b>	<b>NAME LINE</b>	<b>40</b>	<b>PAYEE'S NAME LINE 2</b>
<b>119-158</b>	<b>STR. ADDRESS</b>	<b>40</b>	<b>PAYEE'S STREET ADDRESS</b>
<b>159-188</b>	<b>CITY</b>	<b>30</b>	<b>PAYEE'S CITY</b>
<b>189-190</b>	<b>STATE CODE</b>	<b>2</b>	<b>PAYEE'S STATE CODE</b>
<b>191-195</b>	<b>ZIP CODE</b>	<b>5</b>	<b>PAYEE'S ZIP CODE</b>
<b>196</b>	<b>TIN INDICATOR</b>	<b>1</b>	<b>"1" = Payer indicated EIN "2" = Payer indicated SSN "0" = no TIN indicated</b>
<b>197-200</b>	<b>FILLER</b>	<b>4</b>	<b>BLANK FILLED</b>
<b>201-208</b>	<b>SEQUENCE</b>	<b>8</b>	<b>NUMBER WITHIN PAYER</b>

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**PAYER "C" RECORD CARTRIDGE**

<b>POSITION</b>	<b>FIELD TITLE</b>	<b>LENGTH</b>	<b>DESCRIPTION AND REMARKS</b>
<b>1</b>	<b>RECORD TYPE</b>	<b>1</b>	<b>A "C" WILL BE ENTERED</b>
<b>2-33</b>	<b>RECORD COUNTS</b>	<b>32</b>	<b>COUNTS AS DESCRIBED IN POSITIONS 68-99 OF THE PAYER "A"</b>
<b>34-208</b>	<b>FILLER</b>	<b>175</b>	<b>BLANK FILLED</b>



