

**REASONABLE CAUSE  
REGULATIONS  
AND REQUIREMENTS  
FOR  
MISSING AND  
INCORRECT NAME/ TINs**  
(including instructions for  
reading magnetic tape)



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Department of the Treasury  
Internal Revenue Service

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[www.irs.ustreas.gov](http://www.irs.ustreas.gov)

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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 to **solicit** (ask for) a TIN, and
- √ explains what you have to do to establish reasonable cause.

We have included a copy of Treasury Decision 8386, "Imposition of Penalty for Failure to Comply With Information Reporting Requirements", which contains the regulations affecting all persons who may be subject to the penalty for failure to comply with the provisions of Internal Revenue Code (IRC) sections:

- √ 6721, failure to file timely correct information returns,
- √ 6722, failure to furnish timely correct payee statements, and
- √ 6723, failure to comply timely with other information reporting requirements.

#### What's New?

- √ Form W-9 (Rev. 12 /96) and the Instructions for the Requester of Form W-9 (Rev. 11/98).
  - √ Electronic Submission of Forms W-9 - See page 5.
  - √ Form 1099-R was included in the Information Returns Program beginning in Tax Year 1996. However, in order to give payers and filers of this form an opportunity to clean up their databases prior to actual proposal or assessment of the TIN penalty, we are sending incorrect TIN information to payers and filers this year so that they may obtain correct information prior to submitting information returns for tax year 1999.
  - √ Beginning with information returns filed for 1999, electronic filers will receive an automatic 30-day extension for filing information returns with the government. **NOTE: This does NOT include magnetic tape filers.**
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## **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. This penalty applies to Forms 1099 -A, -B, -C, -DIV, -INT, -LTC, -MISC, -OID, -PATR, -R, -S, Forms 1098, and W-2G (filed IRC section 6041), as well as other information returns. 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.



## 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.



## 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. If your notice includes these penalties, you must also submit an explanation to substantiate reasonable cause in order to have them waived.

### 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 of penalty(s) 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 you should return to the Internal Revenue Service Customer Service Center 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.

### 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 Customer Service Center listed on the notice) **before** the end of the 45-day period. In order for us to consider waiving the penalty, you must answer the notice.
  - √ **If your reply shows that you established reasonable cause**, we will send IRS Letter 1948C to you in about 30 days saying that we accept your explanation.
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- √ **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) along with 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). However, you still have the opportunity to establish reasonable cause by submitting a written explanation.

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

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## SOLICITATIONS

A solicitation is a request by a payer for a payee to furnish a correct TIN. For Forms 1099-B, -INT, -DIV, -OID, -PATR, and -MISC for which you were notified under the backup withholding section of the IRC, you must do the solicitation in the time and manner prescribed by that section (see Publication 1679, A Guide to Backup Withholding, or Publication 1281, Backup Withholding for Missing and Incorrect Name/TINs). For Forms 1099-C, -LTC, -R, -S, Form 1098, and Form W-2G, you may do your solicitation as follows.

### 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 (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.

*If the annual solicitation is for a missing or incorrect name/TIN reported on Form 1099-R, you may also include a Form W-4P.*



### 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.

### Electronic Solicitations

Requesters may establish a system for payees to receive and respond to solicitations (Forms W-9, 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-9.
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-  Provide you with the same information as the paper Form W-9.
  -  Require, as the final entry in the submission, an electronic signature by the payee whose name is on the Form W-9 that authenticates and verifies the submission.
  -  Be able to supply a hard copy of the electronic Form 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. See Announcement 98-27, 1998-15 I.R.B. 30.*

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## 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, a Form W-9 is optional in certain cases; see “Notice of Change in Status” in the Instructions for Form W-8 for more information on this topic.*

### Missing TINs

A missing TIN is one which 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 or incorrect 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, begin backup withholding on reportable payments, and complete a **first annual** 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).
- ◆ If you do not receive a TIN as a result of your first annual solicitation, you must complete a **second annual** solicitation 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 1099R. You must:**

- ◆ Complete an initial solicitation, as previously described.
  - ◆ If you do not receive a response as a result of your initial solicitation, withhold from the taxable portion of any payment that is a designated distribution and is subject to withholding. 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 10% rate. If the payment is periodic (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%.
  - ◆ If you do not receive a TIN as a result of your initial solicitation, complete a **first annual** solicitation by December 31 of the calendar year in which you receive a Notice 972CG, notifying you of a missing TIN.
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- ◆ If you do not receive a TIN as a result of your first annual solicitation, you must complete a **second annual** solicitation by December 31 of the year immediately following the calendar year in which you receive a Notice 972CG, notifying you of a missing TIN.

**Reminder:** *If you receive a 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.*

### **Incorrect TINs**

A name/TIN combination is incorrect when it does not match or cannot be found on IRS files that contain EINs and SSNs. 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, you will satisfy the requirement for the first annual solicitation.
- ◆ 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. If you mail a second “B” notice for an account in the calendar year you receive Notice 972CG, you will satisfy the requirement for the second solicitation.

**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 by the later of:
  - (1) 30 business days from the date on a Notice 972CG, in which the IRS notifies you of an incorrect name/TIN combination, or
  - (2) 30 business days from the date on which you receive a Notice 972CG.
- ◆ If the payee responds to the first annual solicitation within 45 days, confirming that the name/TIN combination in your records is correct, you may continue to treat as valid any withholding election the payee previously made by completing Form W-4P (or a substitute form).
- ◆ If the payee responds to the first annual solicitation within 45 days and furnishes a different name/TIN combination, any existing withholding election based on the prior name/TIN combination must be disregarded. 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

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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.

- ◆ If the payee does not respond to the first annual solicitation within 45 days, you must withhold from any subsequent payments that are designated distributions subject to withholding.
- ◆ 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).
- ◆ You must 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 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.*

### **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.
- ◆ To avoid having to do more than two annual solicitations, if an account falls under the solicitation requirements that apply to backup withholding payments (IRC section 3406(a)(1)(B)), follow those requirements. Backup withholding applies to reportable payments made on Forms 1099-B, -INT, -DIV, -MISC, -OID, and -PATR. **DO NOT** follow the general solicitation requirements explained in this publication; see IRS Publication 1679 or 1281.

### **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
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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.
  - 📁 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.
  - 📁 We incorrectly read the information during processing. If we did, you should notate your records and not take any further action.

# VII

## THE IRS TIN MATCHING PROCESS

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 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. Then 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, he or she **SHOULD** inform the Social Security Administration (SSA) of the name change.*

**Hint:** On name line one of the Form 1099, a payor should enter the payee's first name and new last name (if the change has been made with SSA), or the payee's first name, former last name, and new last name (if the change has not been made with SSA).



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## 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

Karen **Birch**  
Ace Computer Co.

**Hint: Sole proprietors should enter their business, trade, or "doing business as" name on the second name line of the information return.**

## 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 TIN should be the one that was assigned to the estate.) For example:

Frank **White** Estate  
Cynthia Greene, Exec.

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  
FBO Patrick Redwood  
Chestnut Bank, Trustee

**Memory** Church  
Endowment Trust  
John Waxbean, Trustee

## 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

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## 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:

<u>St. Bernard's</u> Methodist Church	<u>ABC</u> Company
Building Fund for St. Bernard's Church	Main Street Store

**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.*





## **WHERE TO CALL FOR HELP**

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

**Information Reporting Program (IRP) Centralized Call Site**

**Telephone. . . (304) 263-8700 (not toll-free)**

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

-  **Form W-9, Request for Taxpayer Identification Number and Certification (Rev. 12/96)**
  
-  **Instructions for the Requester of Form W-9 (Rev. 11/98)**

# Request for Taxpayer Identification Number and Certification

Give form to the  
requester. Do NOT  
send to the IRS.

Please print or type

Name (If a joint account or you changed your name, see **Specific Instructions** on page 2.)

Business name, if different from above. (See **Specific Instructions** on page 2.)

Check appropriate box:  Individual/Sole proprietor  Corporation  Partnership  Other ▶ .....

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, if you are a resident alien OR a sole proprietor, see the instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How To Get a TIN** on page 2.

Social security number								

OR

Employer identification number								

**Note:** If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.

## Part II For Payees Exempt From Backup Withholding (See the instructions on page 2.)

## Part III Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**
- I am not subject to backup withholding because: **(a)** I am exempt from backup withholding, or **(b)** I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or **(c)** the IRS has notified me that I am no longer subject to backup withholding.

**Certification Instructions.**—You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)

Sign Here

Signature ▶

Date ▶

**Purpose of Form.**—A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 to give your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are an exempt payee.

**Note:** If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**What Is Backup Withholding?**—Persons making certain payments to you must withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that may be subject to backup withholding

include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, payments you receive will not be subject to backup withholding. Payments you receive **will** be subject to backup withholding if:

- You do not furnish your TIN to the requester, or
- The IRS tells the requester that you furnished an incorrect TIN, or
- The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
- You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable interest and dividend accounts opened after 1983 only), or

5. You do not certify your TIN when required. See the Part III instructions on page 2 for details.

Certain payees and payments are exempt from backup withholding. See the Part II instructions and the separate **Instructions for the Requester of Form W-9**.

## Penalties

**Failure To Furnish TIN.**—If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil Penalty for False Information With Respect to Withholding.**—If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal Penalty for Falsifying Information.**— Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.**—If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

**Name.**—If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first and then circle the name of the person or entity whose number you enter in Part I of the form.

**Sole Proprietor.**—You must enter your **individual** name as shown on your social security card. You may enter your business, trade, or “doing business as” name on the **business name** line.

**Other Entities.**—Enter the business name as shown on required Federal tax documents. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or “doing business as” name on the business name line.

### Part I—Taxpayer Identification Number (TIN)

You must enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How To Get a TIN** below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, using your EIN may result in unnecessary notices to the requester.

**Note:** See the chart on this page for further clarification of name and TIN combinations.

**How To Get a TIN.**—If you do not have a TIN, apply for one immediately. To apply for an SSN, get **Form SS-5** from your local Social Security Administration office. Get **Form W-7** to apply for an ITIN or **Form SS-4** to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676).

If you do not have a TIN, write “Applied For” in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, you will generally have 60 days to get a TIN and give it to the requester. Other payments are subject to backup withholding.

**Note:** Writing “Applied For” means that you have already applied for a TIN **OR** that you intend to apply for one soon.

### Part II—For Payees Exempt From Backup Withholding

Individuals (including sole proprietors) are **not** exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. For more information on exempt payees, see the Separate Instructions for the Requester of Form W-9.

If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write “Exempt” in Part II, and sign and date the form.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester a completed **Form W-8**, Certificate of Foreign Status.

### Part III—Certification

For a joint account, only the person whose TIN is shown in Part I should sign (when required).

**1. Interest, Dividend, and Barter Exchange Accounts Opened Before 1984 and Broker Accounts Considered Active During 1983.** You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, Dividend, Broker, and Barter Exchange Accounts Opened After 1983 and Broker Accounts Considered Inactive During 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item **2** in the certification before signing the form.

**3. Real Estate Transactions.** You must sign the certification. You may cross out item **2** of the certification.

**4. Other Payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. “Other payments” include payments made in the course of the requester’s trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.

**5. Mortgage Interest Paid by You, Acquisition or Abandonment of Secured Property, Cancellation of Debt, or IRA Contributions.** You must give your correct TIN, but you do not have to sign the certification.

### Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to give your correct TIN to persons who must file information returns with the IRS to report interest, dividends,

and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia to carry out their tax laws.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

## What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>1</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>1</sup>
5. Sole proprietorship	The owner <sup>3</sup>
For this type of account:	Give name and EIN of:
6. Sole proprietorship	The owner <sup>3</sup>
7. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person’s number must be furnished.

<sup>2</sup> Circle the minor’s name and furnish the minor’s SSN.

<sup>3</sup> You must show your individual name, but you may also enter your business or “doing business as” name. You may use either your SSN or EIN (if you have one).

<sup>4</sup> List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

**Note:** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.



# Instructions for the Requester of Form W-9

(Rev. November 1998)



Department of the Treasury  
Internal Revenue Service

## Request for Taxpayer Identification Number and Certification

*Section references are to the Internal Revenue Code unless otherwise noted.*

These instructions supplement the instructions on the Form W-9 (Rev. December 1996) for the requester.

### Change To Note

**Electronic submission of Forms W-9.** Requesters may establish a system for payees to submit Forms W-9 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 Form W-9.
- Provide you with the same information as the paper Form W-9.
- Require as the final entry in the submission an electronic signature by the payee whose name is on Form W-9 that authenticates and verifies the submission.
- Be able to supply a hard copy of the electronic Form 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. See Announcement 98-27, 1998-15 I.R.B. 30.

### Individual Taxpayer Identification Number (ITIN)

Form W-9 (or an acceptable substitute) is used by persons required to file information returns with the IRS to get the payee's (or other person's) correct TIN. For individuals, the TIN is generally a social security number (SSN).

However, in some cases, individuals who become U.S. resident aliens for tax purposes are not eligible to obtain an SSN. This includes certain resident aliens who must receive information returns but who cannot obtain an SSN.

These individuals must apply for an ITIN on **Form W-7**, Application for IRS Individual Taxpayer Identification Number, unless they have an application pending for an SSN. Individuals who have an ITIN must provide it on Form W-9.

### Substitute Form W-9

You may develop and use your own Form W-9 (a substitute Form W-9) if its content is substantially similar to the IRS's official Form W-9 and it satisfies certain certification requirements.

You may incorporate a substitute Form W-9 into other business forms you customarily use, such as account signature cards, provided the certifications that **(1)** the payee's TIN is correct and **(2)** the payee is not subject to backup withholding due to failure to report interest and dividend income, shown on the official Form W-9, are clearly set forth. You **may not:**

1. Use a substitute Form W-9 that requires the payee, by signing, to agree to provisions unrelated to the required certifications or

2. Imply that a payee may be subject to backup withholding unless the payee agrees to provisions on the substitute form that are unrelated to the required certifications.

A substitute Form W-9 that contains a **separate signature line** just for the certifications satisfies the requirement that the certifications be clearly set forth.

If a **single signature line** is used for the required certifications and other provisions, the certifications must be highlighted, boxed, printed in bold-face type, or presented in some other manner that causes the language to stand out from all other information contained on the substitute form. Additionally, the following statement must be presented in the same manner as in the preceding sentence and must appear immediately above the single signature line: "The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding."

If you use a substitute form, the instructions do not have to be furnished to the payee. The payee only needs to be instructed orally or in writing to strike out the language of the certification that relates to payee underreporting, if the payee is subject to backup withholding due to notified payee underreporting. However, you are encouraged to provide instructions relevant to the account, especially if the payee requests them.

### TIN Applied For

For interest and dividend payments and certain payments with respect to readily tradable instruments, if the payee returns a properly completed Form W-9 with "Applied For" written in Part I (i.e., an "awaiting TIN" certificate), the payee must give you a TIN within 60 calendar days to avoid backup withholding. You may use one of the following rules to backup withhold during this 60-day period.

**Note:** The 60-day exemption from backup withholding does not apply to any payment other than interest, dividends, and certain payments made with respect to readily tradable instruments. Therefore, any other payment, such as nonemployee compensation, is subject to backup withholding even if the payee has applied for and is awaiting a TIN.

**Reserve rule.** If a payee withdraws more than \$500 at one time during the 60-day period, you must backup withhold on any reportable payments made during the period, unless the payee reserves 31% of all reportable payments made to the account during the period.

**Alternative rule (option 1).** You must backup withhold on any reportable payments if the payee makes a withdrawal from the account after the close of 7 business days after you receive the awaiting-TIN certificate. Treat as reportable payments all cash withdrawals in an amount up to the reportable payments made from the day after you receive the awaiting-TIN certificate to the day of withdrawal.

**Alternative rule (option 2).** You must backup withhold on any reportable payments made to the payee's account, regardless of whether the payee makes any withdrawals. Backup withholding under this option must begin no later than 7 business days after you receive the awaiting-TIN certificate.

## Payees Exempt From Backup Withholding

Even if the payee does not provide a TIN in the manner required, you are **not required** to backup withhold on any payments you make if the payee is:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).

2. The United States or any of its agencies or instrumentalities.

3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.

4. A foreign government or any of its political subdivisions, agencies, or instrumentalities.

5. An international organization or any of its agencies or instrumentalities.

Other payees that **may be exempt** from backup withholding include:

6. A corporation.

7. A foreign central bank of issue.

8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.

9. A futures commission merchant registered with the Commodity Futures Trading Commission.

10. A real estate investment trust.

11. An entity registered at all times during the tax year under the Investment Company Act of 1940.

12. A common trust fund operated by a bank under section 584(a).

13. A financial institution.

14. A middleman known in the investment community as a nominee or who is listed in the most recent publication of the American Society of Corporate Secretaries, Inc., Nominee List.

15. A trust exempt from tax under section 664 or described in section 4947.

**Interest and dividend payments.** All listed payees are exempt except the payee in item 9.

**Broker transactions.** All payees listed in items 1 through 13 are exempt. A person registered under the Investment Advisors Act of 1940 who regularly acts as a broker is also exempt.

**Payments reportable under Sections 6041 and 6041A.**

These payments are generally exempt from backup withholding only if made to payees listed in items 1 through 7. However, the following payments made to a **corporation** and reportable on Form 1099-MISC are not exempt from withholding:

- Medical and health care payments.
- Attorneys' fees.
- Payments for services paid by a Federal executive agency.

**Gross proceeds; attorneys.** Reportable gross proceeds paid to attorneys (under section 6045(f)), even if the attorney is a corporation, are not exempt from backup withholding.

**Barter Exchange Transactions and Patronage Dividends.**

Only payees listed in items 1 through 5 are exempt from backup withholding on these payments.

## Payments Exempt From Backup Withholding

Payments that are not subject to information reporting also are not subject to backup withholding. For details, see sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A, and 6050N, and their regulations.

**Dividends and patronage dividends** that generally are exempt from backup withholding include:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) distributions made by an ESOP.

**Interest payments** that generally are exempt from backup withholding include:

- Payments of interest on obligations issued by individuals. However, if you pay \$600 or more of interest **in the course of your trade or business** to a payee, you must report the payment. Backup withholding applies to the reportable payment if the payee has not provided a TIN or has provided an incorrect TIN.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage interest paid to you.

**Other types of payments** that generally are exempt from backup withholding include:

- Wages.
- Distributions from a pension, annuity, profit-sharing or stock bonus plan, any IRA, or an owner-employee plan.
- Certain surrenders of life insurance contracts.
- Gambling winnings if withholding is required under section 3402(q). However, if withholding is not required under section 3402(q), backup withholding applies if the payee fails to furnish a TIN.
- Real estate transactions reportable under section 6045(e).
- Cancelled debts reportable under section 6050P.
- Distributions from a medical savings account and long-term care benefits.
- Fish purchases for cash reportable under section 6050R.

## Joint Foreign Payees

If the first payee listed on an account gives you **Form W-8**, Certificate of Foreign Status, (or Form W-8BEN) or a similar statement signed under penalties of perjury, backup withholding applies unless:

1. Every joint payee provides the statement regarding foreign status or
2. Any one of the joint payees who has not established foreign status gives you a TIN.

If any one of the joint payees who has not established foreign status gives you a TIN, that number is the TIN that must be used for purposes of backup withholding and information reporting.

## Names and TINs To Use for Information Reporting

Show the full name and address as provided on Form W-9 on the information return filed with the IRS and on the copy furnished to the payee. If you made payments to more than one payee or the account is in more than one name, enter on the first name line **ONLY** the name of the payee whose TIN is shown on the information return. Show the names of any other individual payees in the area below the first name line, if desired.

**Sole proprietors.** You must show the individual's name on the first name line. On the second name line, you may enter the business name or "doing business as (DBA)" if provided. You **may not** enter only the business name. For the TIN, you may enter either the individual's SSN or the employer identification number (EIN) of the business. However, the IRS prefers that you show the SSN.

## Additional Information

For more information on backup withholding, get **Pub. 1679**, A Guide to Backup Withholding, or **Pub. 1281**, Backup Withholding on Missing and Incorrect Name/TINs.

## Notices From the IRS

The IRS will send you a notice if the payee's name and TIN on the information return you filed do not match the IRS's records. You may have to send a "B" notice to the payee to solicit another TIN. See Pubs. 1679 and 1281 for copies of the two types of "B" notices.





# INSTRUCTIONS FOR READING MAGNETIC TAPE

## General

A tape file will have the following characteristics:

(A) 9 channel Standard Label/EBCDIC with:

(a) odd parity and

(b) a density of 1600 BPI.

(B) **Type of Tape** - 0.5 inch (12.7mm) wide, computer grade magnetic tape reels of up to 2,400 feet (731.52mm). If a payer's file contains data from 501 to 40,000 information return records, the file will be shipped on one magnetic tape reel of 600 feet (182.88mm). If the file exceeds 40,000 information returns records, the file will be shipped on 2,400 foot reels. Regardless of the length of the individual tapes, shipments will meet the following specifications:

(a) Tape thickness - 1.0 or 1.5 mils

(b) Reel diameter - 10.5 inches (26.67cm) for a 2,400 foot tape or 7 inches (17.78cm) for a 600 foot tape.

## Record Length

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

(A) a record will be 208 tape positions,

(B) all records except the Header and Trailer Labels will be blocked,

(C) a block will be 4,160 tape positions, and

(D) in the event of a short block (less than 20 records), all remaining positions will be filled in with 9s.

## Tape 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.

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**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 Mark:**

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

**External Label:**

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

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**PAYER "A" RECORD**

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TAPE POSITION	FIELD TITLE	LENGTH	DESCRIPTION AND REMARKS
1	RECORD TYPE	1	AN "A" WILL BE ENTERED.
2-16	ACCESS KEY	15	NUMBER USED BY THE IRS TO GROUP A PAYER'S INFORMATION RETURN TRANSMITTALS.
17-18	SERVICE CENTER	2	<b>TWO DIGIT SERVICE CENTER CODES:</b> ANDOVER            08 ATLANTA            07 AUSTIN              18 BROOKHAVEN       19 CINCINNATI        17 FRESNO              89 KANSAS CITY       09 MEMPHIS           49 OGDEN               29 PHILADELPHIA    28
19-27	PAYER'S EIN	9	THE NINE DIGIT NUMBER ASSIGNED BY THE IRS.
28-67	PAYER'S NAME	40	SELF-EXPLANATORY.
68-75	NUMBER OF DOCUMENTS	8	THE NUMBER OF INFORMATION RETURNS WITH MISSING AND INCORRECT TINS ASSOCIATED WITH THIS PAYER. IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED.
76-83	BWH TIN STATUS 1 CNT	8	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.
84-91	BWH TIN STATUS 2 CNT	8	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

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**PAYER "A" RECORD** *(continued)*

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<b>TAPE POSITION</b>	<b>FIELD TITLE</b>	<b>LENGTH</b>	<b>DESCRIPTION AND REMARKS</b>
			JUSTIFIED AND ZERO FILLED.
92-99	BWH TIN STATUS 3 CNT	8	THE NUMBER OF DOCUMENTS SENT TO THE PAYER WITH A BWH-TIN-STATUS-IND EQUAL TO EQUAL TO "3" (SEE PAYER "B" RECORD). IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED.
100	FILLER	1	BLANK FILLED
101-104	TAX YEAR	4	TAX YEAR DOCUMENTS WERE SUBMITTED
105-208	FILLER	104	BLANK FILLED

## PAYER "B" RECORD

TAPE POSITION	FIELD TITLE	LENGTH	DESCRIPTION AND REMARKS
1	RECORD TYPE	1	A "B" WILL BE ENTERED.
2-10	TIN	9	THE PAYEE'S TIN.
11	BWH TIN STATUS	1	"1" MISSING TIN "2" NOT CURRENTLY ISSUED TIN "3" INCORRECT NAME/TIN
12-16	TCC	5	TRANSMITTER CONTROL CODE
17-18	DOC TYPE	2	"32" = Form W2-G "75" = Form 1099-S "79" = Form 1099-B "80" = Form 1099-A "81" = Form 1098 "85" = Form 1099-C "91" = Form 1099-DIV "92" = Form 1099-INT "93" = Form 1099-LTC "94" = Form 1099-MSA "95" = Form 1099-MISC "96" = Form 1099-OID "97" = Form 1099-PATR "98" = Form 1099-R
19-38	ACCOUNT NUMBER	20	PAYEE'S ACCOUNT NUMBER FROM PAYER
39-78	NAME LINE 1	40	PAYEE'S NAME LINE 1
79-118	NAME LINE 2	40	PAYEE'S NAME LINE 2
119-158	STREET ADDRESS	40	PAYEE'S STREET ADDRESS
159-188	CITY	30	PAYEE'S CITY
189-190	STATE CODE	2	PAYEE'S STATE CODE
191-195	ZIP CODE	5	PAYEE'S ZIP CODE
196	TIN INDICATOR	1	"1" = payer indicated EIN "2" = payer indicated SSN "0" = no TIN indicated

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**PAYER "B" RECORD** *(continued)*

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<b>TAPE POSITION</b>	<b>FIELD TITLE</b>	<b>LENGTH</b>	<b>DESCRIPTION AND REMARKS</b>
197-200	FILLER	4	BLANK FILLED
201-208	SEQUENCE NUMBER	8	SEQUENCE NUMBER WITHIN PAYER

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## PAYER "C" RECORD

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

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**REGULATIONS UNDER SECTIONS 301.6721-0,  
301.6721-1, 301.6722-1, 301.6723-1, and 301.6724-1**