

Alternative Identifying Numbers for Income Tax Return Preparers

Notice 98-63

PURPOSE

This notice informs income tax return preparers of the Service's intention to develop a system of providing alternative identifying numbers for preparers, as authorized by § 3710 of the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. No. 105-206, 112 Stat. 685 (the "Act"). Individual preparers are reminded of their continuing responsibility to furnish their social security numbers ("SSNs") on returns or claims for refund prepared by them.

LAW PRIOR TO AMENDMENT BY THE ACT

Section 6109(a)(4) of the Internal Revenue Code provides that any return or claim for refund prepared by an income tax return preparer must bear the identifying number of the preparer as required under regulations prescribed by the Secretary. Prior to its amendment by § 3710 of the Act, § 6109(a) of the Code provided that the identifying number of an individual preparer was that individual's SSN.

Section 1.6109-2 of the Income Tax Regulations provides that each return or claim for refund prepared by an income tax return preparer must bear the identifying number of the preparer, which, for an individual preparer, is that individual's SSN.

EFFECT OF THE ACT

Under § 6109(a), as amended by § 3710 of the Act, the identifying number required for a return preparer need not be the preparer's SSN. Instead, the Secretary may issue regulations providing alternatives to the SSN for purposes of identifying individual preparers. See § 6109(d).

To implement this change, the Service intends to develop a system for assigning alternative identifying numbers to individual preparers. These alternative identifying numbers are scheduled to be available for the filing season beginning January 1, 2000. The Secretary intends to amend § 1.6109-2 to allow individual preparers the option of electing alternative identifying numbers in lieu of their SSNs.

Until the alternative identifying numbers are available, § 1.6109-2 requires that individual preparers continue to furnish their SSNs as their identifying numbers. However, as provided by Rev. Rul. 78-317, 1978-2 C.B. 335, preparers may omit their SSNs from copies of returns furnished to taxpayers under § 6107(a).

The Service will continue to monitor returns and claims for refund for the presence of preparer SSNs. Income tax return preparers failing to furnish their SSNs on returns or claims for refund are subject to a penalty of \$50 for each such failure, as provided by § 6695(c).

DRAFTING INFORMATION

The principal author of this notice is Andrew J. Keyso of the Office of the Assistant Chief Counsel (Income Tax and Accounting). Preparers may obtain updates on the status of the system for assigning alternative identifying numbers by calling (202)622-4405 (not a toll-free call).