

Publication 1281

BACKUP WITHHOLDING FOR MISSING AND INCORRECT NAME/TIN(S)

**(Including instructions for reading tape
cartridges and CD/DVD Formats)**

Volume 1 of 5



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Part

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Part 1 Introduction

This publication contains information about the backup withholding (BWH-B) requirements that apply to the information returns that you filed. The law provides that you may be required to withhold a specified percentage (see BWH-B Rate) of certain reportable payments made to recipients (payees) for whom you filed an information return that had a missing or an incorrect Taxpayer Identification Number (TIN). If you are a new filer of information returns or want an answer to a specific question, you may find it helpful to begin by reading Part 2, Frequently Asked Questions. More detailed information begins in Part 4. We have included copies of the First and Second "B" Notices, Form W-9, Forms and W-8 series, and SSA (see Part 10) for your convenience.

E- Services provide various electronic and interactive applications. See the IRS web site at, <https://la.www4.irs.gov/e->

services/Registration/index.htm to review the on-line tutorial. Payers of income reported on Forms 1099 B, DIV, INT, K, MISC, NEC, OID, G and/or PATR may be eligible to participate in the TIN Matching program. You can download the TIN Matching Publication, 2108A, at www.IRS.gov.

Backup Withholding (BWH-B) Rate

Rate/Percentage is 24%, effective for all subject payments after December 31, 2017.

Part

2

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Part 2

FREQUENTLY ASKED QUESTIONS

1. Q... What is backup withholding?

A... Persons (payers) making certain payments to payees must withhold and pay to the IRS a specified percentage (see "BWH Rate" on page 3) of those payments under certain conditions. Payments that may be subject to backup withholding include interest, dividends, rents, royalties, commissions, non-employee compensation, and other payments including broker proceeds and barter exchange transactions, reportable gross proceeds paid to attorneys, and certain payments made by fishing boat operators. Payments that are excluded from backup withholding are real estate transactions, foreclosures and abandonments, cancelled debts, distributions from Archer Medical

Savings Accounts (MSAs), long-term care benefits, distributions from any retirement account, distributions from an employee stock ownership plan (ESOP), fish purchases for cash, unemployment compensation, state or local income tax refunds, and qualified tuition program earnings.

2. **Q... What is a Taxpayer Identification Number (TIN)?**

A... A TIN is a Social Security Number (SSN) issued by the Social Security Administration (SSA) or an Employer Identification Number (EIN) issued by the IRS. A TIN can have only nine (9) numbers. It cannot have more or less than nine numbers nor can it have letters. See Question #3 for information on ITINs and ATINs.

3. **Q... What is an Individual Taxpayer Identification Number**

(ITIN)/Adoption Taxpayer Identification Number (ATIN)?

A... An ITIN is an individual Taxpayer Identification Number (ITIN) issued by the IRS and may be used as a TIN to meet federal tax obligations only. Resident aliens and nonresident aliens, who are not eligible for SSNs, use ITINs. An ITIN has nine numbers in the same format as an SSN and always begins with the number 9. The fourth and fifth digits are always within the range of 70 through 88. An ATIN is an Adoption Taxpayer Identification Number issued by the IRS and can be used as a TIN. An ATIN is only a temporary taxpayer identification number issued for a child born, and adopted, in the United States. An ATIN contains nine numbers in the same format as an SSN. An ATIN should be requested when an SSN cannot be

obtained in time to file your tax return. Once the adoptive parent obtains an SSN for the adopted child, the ATIN becomes obsolete.

4. **Q... What payments are subject to backup withholding?**

- a. Rents and commissions, non-employee compensation for services, royalties, reportable gross proceeds paid to attorneys and other fixed or determinable gains, profits, or income payments reportable on Form 1099-MISC, Miscellaneous Income.
- b. Commissions, fees, or other payments for work performed as an independent contractor on Form 1099-NEC, Nonemployee Compensation.
- c. Interest reportable on Form 1099-INT, Interest Income.

- d. Dividends reportable on Form 1099-DIV, Dividends and Distributions.
- e. Patronage dividends paid in money or qualified check reportable on Form 1099-PATR, Taxable Distributions Received From Cooperatives.
- f. Original issue discount reportable on Form 1099-OID, Original Issue Discount, if the payment is in cash.
- g. Gross proceeds reportable on Form 1099-B, Proceeds From Broker and Barter Exchange Transactions.
- h. Gambling winnings reportable on Form W-2G, Certain Gambling Winnings, unless subject to regular gambling withholding. If not subject to regular gambling withholding, backup withholding only applies if, and only if, the

payee does not furnish a taxpayer identification number to the payor.

- i. Gross payments reportable on Form 1099-K, Payment Card and Third Party Network Transactions.
- j. Form 1099-G payments that are subject to backup withholding under IRC 6041 and 3406(b)(3)(A) which include taxable grants and agricultural payments (1099-G Box 6 or 7)

5. **Q... Can a payee claim he or she is exempt from backup withholding?**

A... Yes. Payees who may be exempt are listed in the "Instructions for the Requester of Form W-9". They include tax-exempt organizations, government agencies, corporations (For certain payments), and other listed entities.

6. **Q... Is a payee an exempt corporation if it uses the term “Company” or “Co.” in its name?**

A... A payer cannot treat a payee as an exempt organization merely because the business name contains the word “Company” or “Co.” A payer may treat a payee as exempt if:

- the name contains the term insurance company, indemnity company, reinsurance company or assurance company. Requirement one is also met if the entities name indicates that it is an entity listed as a corporation under IRS Regulations, section 301.7701-2(b)(8)(i),
- the payer has on file a corporate resolution or similar document clearly indicating corporate status,

- the payer receives a Form W-9 which includes an EIN and a statement from the payee that it is a domestic corporation or,
- the payer receives a withholding certificate described in Section 1.1441-1(e) (2)(i), that includes a certification that the person whose name is on the certificate is a foreign corporation.

7. Q... When is a TIN considered missing or incorrect?

A... Missing TIN - We consider a TIN to be missing if it is not provided, has more or less than nine numbers, or it has an alpha character as one of the nine positions.

Example: Missing SSN: 123-45-678

Example: Missing SSN: 123-45-67899

Example: Missing EIN: 12- 345678P

Incorrect TIN - We consider a TIN incorrect if it is in the proper format but the Name/TIN combination does not match or cannot be found on IRS or SSA files. Examples of Proper Format: Correct SSN:123-45-6789
Correct EIN: 12-3456789

8. **Q... What files do the IRS use in the matching process?**

A... The DM-1 File -- A file containing all SSNs ever issued by the SSA
The EIN-Name Control File -- A file containing all the IRS-assigned EINs

The ITIN File -- A file containing all the IRS-assigned ITINs (On DM-1)

The ATIN File -- A file containing all the IRS-assigned ATINs (On DM-1)

9. **Q... What should I do if a payee refuses or neglects to provide a TIN?**

A... Begin backup withholding immediately on any reportable payments. Do the required annual solicitation (request) for the TIN. Question 19 has information about the solicitation requirements for missing and incorrect TINs. Backup withhold until you receive a TIN.

10. **Q... How do I know if a TIN on my account is incorrect?**

A... After the submission of Form 1099 information returns, the IRS will send you a CP2100 or a CP2100A Notice and a listing of incorrect Name/TIN(s) reported on those forms.

11. **Q... What is a CP2100 or CP2100A Notice?**

A... It is a notice that tells a payer that he or she may be responsible for backup withholding. It is accompanied by a listing of missing, incorrect, and/or not currently issued payee TINs. Large volume filers will receive a CD or DVD data file CP2100, mid-size filers receive a paper CP2100, and small filers receive a paper CP2100A.

Large Filer 250 or more error documents;

Mid Size Filer Between 50 and 249 documents.

Small Filer Less than 50 error documents.

12. **Q... What should I do if I receive a CP2100 or CP2100A Notice?**

A... Compare the listing(s) with your records. For missing TINs: If you have not started backup withholding, begin to do so immediately and continue

until you receive a TIN. You must make up to three solicitations for the TIN (initial, first annual, second annual), as described in Question 19, to avoid a penalty for failing to include a TIN on the information return. For incorrect TINs: Compare the accounts on the listing with your business records. See Question 19 for the solicitation requirements in order to avoid a penalty for failure to include the correct TIN on an Information Return. If they agree, send the appropriate "B" Notice to the payee. If an account does not agree, this could be the result of a recent update to SSA records, an error in the information you submitted, or an IRS processing error. If this type of error occurred, the only thing you should do is correct or update your records, if necessary. Remember: You do not have to call or write to the IRS to say that you made

the correction or update to your records.

13. Q... What should I do if I receive a CP2100, CP2100A, or 972CG and do not recognize a TCC provided on the notice?

A... The TCC belongs to the business who transmitted the information returns listed on the notice. The TCC may belong to the payer; however, the TCC may belong to a third-party hired to transmit the information returns for the payer. Contact any third-parties you used to transmit your information returns on your behalf. For example, an accountant, payroll provider, etc.

14. Q... What is a "B" Notice?

A... A "B" Notice is a backup withholding notice. There are two "B" Notices -- the First "B" Notice and the

Second "B" Notice. You must send the First "B" Notice and a Form W-9 to a payee after you receive the first CP2100 or CP2100A Notice with respect to this account for soliciting a correct Name/TIN combination. You must send the second "B" Notice to a payee after you receive a second CP2100 or CP2100A Notice within a 3 calendar year period. The text of the Second "B" Notice is different from that of the First "B" Notice. The Second "B" Notice tells the payee to contact IRS or SSA to obtain the correct Name/TIN combination. The mailing of the second notice should not include a Form W-9. The payor must receive validation of the payee's Name/TIN combination from SSA or IRS after sending the second "B" Notice. Payees should be instructed regarding how to request validation of their name/TIN combinations in

accordance with the procedures described in Part 4. Generally, you do not have to send a “B” Notice more than two times within three calendar years to the same account.

15. Q... When do I send a “B” Notice to a payee?

A... You have 15 business days from the date of the CP2100A or CP2100 Notice, or the date you received it (whichever is later), to send a “B” Notice to a payee. For incorrect TINS you only have to send a “B” Notice to a payee whose Name/TIN combination and account number on your records agrees with the combination that IRS identified as incorrect.

16. Q... How do I know which “B” Notice to send?

A... If this is the first CP2100 or CP2100A Notice you have received

with respect to this account, you must provide the payee with (1) the First "B" Notice and (2) a copy of Form W-9 (or acceptable substitute). You may also provide an optional reply envelope. Your outside mailing envelope must be clearly marked "IMPORTANT TAX INFORMATION ENCLOSED" or "IMPORTANT TAX RETURN DOCUMENT ENCLOSED."

If this is the second CP2100 or CP2100A Notice you have received within three calendar years with respect to this account, you must provide the payee with the Second "B" Notice. Do not include a Form W-9. You may also provide an optional reply envelope. Your outside mailing envelope must be clearly marked "IMPORTANT TAX INFORMATION ENCLOSED" or "IMPORTANT TAX RETURN DOCUMENT ENCLOSED."

17. **Q... Do I have to mail a Second "B" Notice if I receive the second CP2100 or CP2100A Notice in the same calendar year as the first notice?**

A... No. You may disregard the second CP2100 or CP2100A notice, even if it relates to a different tax year than the first notice. You also have no obligation to mail a second 'B' Notice if you receive the second CP2100 or CP2100A Notice in a different calendar year than the first, but both of the CP notices relate to the same payee's account for the same calendar year.

18. **Q... What should I do if a "B" Notice is returned as "undeliverable"?**

A... You must begin backup withholding. However, try to get the correct address for the payee and remail the notice. If you cannot find

the correct address, keep the undelivered notice with your records for a period of three years, in order to track the “two-in-three-year” rule (see Question 13) or, until you have obtained a valid address.

19. **Q... After I receive a CP2100 or CP2100A Notice, when do I start and stop backup withholding?**

A... You must begin backup withholding on all reportable payments to the payee no later than 30 business days after you have received the CP2100 or CP2100A Notice. You must stop backup withholding on payments within 30 calendar days after you have received the required certification (Form W-9) from the payee or TIN validation from the SSA or the IRS, if it was a second notification.

At your option, you may start and stop backup withholding at any time during these 30-day periods.

20. **Q... What are the first and second annual solicitation requirements?**

A... A solicitation is a request for a payee's correct TIN. You must make the request to satisfy the backup withholding requirements and to avoid a penalty for filing another information return with a missing or an incorrect TIN. The payee must furnish a certified TIN (initial solicitation) on Form W-9 with respect to payments of interest, dividends, and amounts subject to broker reporting. For other payments, the payee may furnish/provide the TIN in any manner.

For missing TINs: For all payees you must make the initial solicitation when the payee opens the account or when the transaction occurs. If the payee

does not provide a TIN when you initially ask for it, you must begin backup withholding. In addition, to avoid a penalty for filing an incorrect information return, you must make a first annual solicitation by December 31 of the year in which the account is opened (for accounts opened before December) or January 31 of the following year (for accounts opened during the preceding December). If the payee does not provide a TIN after the first annual solicitation, you must make the second annual solicitation by December 31 of the year following the calendar year in which the account was opened.

For incorrect TINs: You must make up to two annual solicitations in response to the CP2100 or

CP2100A Notice. You must send a B Notice within 15 business days after you receive a CP2100 or

CP2100A Notice. If you receive a Proposed Penalty Notice (972CG) but not a CP2100 or CP2100A

Notice, your annual solicitation must be made by December 31st of the year you received the Proposed Penalty Notice (972CG). However, if you already sent a B Notice in the calendar year in response to a CP2100 or CP2100A

Notice, you do not have to send another solicitation in response to the proposed penalty notice. If the IRS notifies you in the next calendar year that a TIN is still incorrect, you must make a second annual solicitation within 15 business days after you receive the second CP2100 or CP2100A Notice.

21. **Q... Does a CP2100 or CP2100A Notice indicate whether it is the first or second notification of an incorrect TIN for a specific account?**

A... No. The backup withholding regulations require that payers be responsible for tracking the status of the notices they receive.

22. **Q... What is the relationship between the requirements to make an annual solicitation for a payee's TIN and the requirements to send a "B" Notice?**

A... Sending a "B" Notice to a payee in response to a CP2100A or CP2100 Notice satisfies the annual solicitation requirement in order to avoid a penalty for filing an information return with an incorrect TIN.

23. **Q... Why are accounts I corrected still on the listing of missing or incorrect TIN(s)?**

A... Due to processing cut-off points, a listing may or may not reflect your latest corrections. If you know that an account was corrected, do not send a "B" Notice to the payee.

24. **Q... What should I do if a TIN was actually on file but was omitted from the Form 1099 or reported incorrectly?**

A... Make any required change to your records and use the correct information on future filings. Do not send a "B" Notice to the payee.

25. **Q... What should I do if this is the first notification and the Form W-9 is returned with the same incorrect information?**

A... Keep the Form W-9 on file to show that the payee certified the Name/TIN combination. Do not backup withhold.

26. **Q... If I don't do business anymore with a payee, or if it was only a one-time transaction, what should I do with the "B" Notice?**

A... Send it and try to get the correct TIN. Also, note your records to track the notice for the "two-in-three year" rule. You will need this information if you should renew business with the payee. We require that you track these accounts for three years after the date of the first CP2100A or CP2100 Notice.

Note: A "B" Notice is not required if no payments have been made to an account and no return is required for the account for one year.

27. **Q... Can a sole proprietor have an SSN or does he or she need an EIN?**

A... A sole proprietor may have an SSN or an EIN. However, he or she must always furnish his or her individual name (on Name Line 1), regardless of whether he or she uses a SSN or an EIN. A sole proprietor may also provide a business name or Doing Business As (DBA) (on Name Line 2), but he or she must list his or her individual name first on the account with you.

28. **Q... Should I backup withhold on a payee who is a nonresident alien?**

A... Yes. A nonresident alien is subject to backup withholding unless you have a signed Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, on file for him or her.

29. **Q... Can a Form W-9 for one account be used to correct all accounts?**

A... Yes, if the payer required a payee to file only one Form W-9 for all accounts or instruments of the payee.

30. **Q... Can a payee be subject to backup withholding for more than one reason?**

A... Yes. However, backup withhold for only one reason at a time.

31. **Q... How do I get an EIN?**

A... Complete Form SS-4, Application for Employer Identification Number. Follow "How to Apply" in the instructions for Form SS-4 to obtain an EIN by mail, telephone, or facsimile (fax).

32. **Q... What form do I use to report backup withholding?**

A... Report backup withholding on Form 945, Annual Return of Withheld Federal Income Tax. For more information, including the deposit requirements for Form 945, see the instructions for Form 945, or Pub. 15, (Circular E), Employer's Tax Guide.

33. Q... How is a Name/TIN mismatch identified?

A... A Name/TIN combination is incorrect if it does not match, or cannot be found, on IRS or SSA files. For example, a Name/TIN mismatch occurs when an individual name is submitted with a TIN not associated with the individual name provided. A TIN is not interchangeable with different names. A business EIN must be used for a partnership, corporation, or non-disregarded Limited Liability Company (LLC). An SSN must be used with an individual name (In first name

line). A Sole Proprietor must always provide his/her individual name. A Sole Proprietor may provide his/her Doing Business As (DBA) name (in second name line) in addition to the required individual name together with the matching SSN.

34. **Q... What amount is subject to backup withholding with respect to security sales made through margin accounts?**

A... The amount subject to backup withholding in the case of a security sale made through a margin account is limited to the amount of cash available for withdrawal by the customer immediately after the settlement of the sale. The amount available for withdrawal by the customer does not include amounts required to satisfy margin account maintenance. If a margin call forces a customer into a

sell - off, such proceeds are not subject to backup withholding.

35. **Q... In what manner should a payer treat erroneously withheld tax?**

A... If a payer withholds from a payee in error or withholds more than the correct amount of tax, the payer may refund the amount improperly withheld. The refund must be made prior to the end of the calendar year and prior to the time the payer issues a Form 1099. If the payer has not deposited the amount of the tax prior to the time that the refund is made to the payee, the payer should not deposit the improperly withheld tax. If the improperly withheld tax has been deposited prior to the time the refund is made to the payee, the payer may adjust any subsequent deposit of tax collected, which the payer is required

to make, by the amount of the tax which has been refunded to the payee. Payers may use refund alternatives only when backup withholding is the result of an error by the payer. The timely submission of requested TIN information including any verifications and/or certifications by the payee does not establish an error by the payer.

Part

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Part 3 WHERE TO CALL FOR HELP

If you have any questions about backup withholding, information reporting, Forms 1099, or the CP2100 or CP2100A Notice(s) and listing(s), you may call:

Technical Services Operation Customer Service Section

Telephone (866) 455-7438 (TOLL FREE) /
(304) 263-8700 (not toll free)

Hours 8:30 am to 4:30 pm Monday
through Friday, ET

Access this publication on-line at
www.irs.gov/pub/irs-pdf/p1281.pdf.

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Part

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Part 4 ACTIONS FOR MISSING TIN(S) AND INCORRECT NAME/TIN COMBINATIONS

The CP2100 or CP2100A Notice includes a listing(s) of the information returns you filed that had missing, incorrect, and/or not currently issued TIN(s). You should compare the listing(s) to your records to determine which of the following required actions you must take.

Missing TIN(s)

We consider a TIN to be missing if it is not provided or if it is obviously incorrect.

Examples are a TIN with more or less than nine digits, or with a mixture of digits and letters. For accounts with missing TIN(s), make sure backup withholding has begun and continue backup withholding until you receive

a TIN. If you have not begun backup withholding, generally you must:

1. Begin backup withholding on any reportable payment you make and continue backup withholding until you receive a TIN. Remember that in some cases, the TIN must be certified.
2. Do not send a first or second "B" Notice in response to the CP2100 or CP2100A Notice. However, in order to avoid a penalty for filing an information return that omitted the payee's TIN, you must make a first annual solicitation for the TIN (generally by December 31 of the year in which the account is opened) and if a TIN is still not received make a second annual solicitation by December 31 of the following year. No annual solicitations are required in the years in which no reported payments are made.

3. Report amounts withheld on Form 945, Annual Return of Withheld Federal Income Tax, and make the required deposits.

Note: Generally, you must obtain a TIN from a payee even for a “one-time” transaction. If you do not, the law allows us to charge a penalty. Publication 1586, Reasonable Cause Regulations and Requirements for Missing and Incorrect Name/TIN(s), has information on removing or reducing penalties due to reasonable cause.

Note: If you inadvertently did not include the TIN on the information return, do not contact the payee. Include the TIN on any future information returns filed.

Incorrect Name/TIN Combinations (including not currently issued TINs)

A Name/TIN combination is incorrect if it does not match or cannot be found on IRS or SSA files. You must follow different procedures depending on whether information on the listing(s) **agrees** or **disagrees** with you business records. Compare the listing(s) with your records and take the following actions:

For account information that **does not agree**, check to see if you put the incorrect information on the return, if the information changed after you filed the return, or if the IRS misprinted the information when processing the return. **In these situations, do not write to the IRS. However:**

1. If you reported the incorrect information on the return, correct your records and include that information on any future information returns you file. **Do not send a "B" Notice to**

the payee. Do not send the correction to the IRS.

2. If the information changed after you filed the return, include that information on any future information returns you file. Do not send a "B" Notice to the payee. **Do not send the correction to the IRS.**

3. If the IRS misprinted your information, make a note of it in your records and do not take any action. **Do not send the correction to the IRS.**

For account information that **agrees** with your records, determine whether this is the first or second time, within three calendar years, that we have notified you about an incorrect Name/TIN combination. Your first notification of an incorrect Name/TIN combination occurs when the payee TIN appears for the first time on the listing we send you. The second notification of an incorrect Name/TIN combination is when the

same payee TIN appears for the second time within three calendar years on the listing.

Note: The 60-day exemption from backup withholding on presentation of an awaiting - TIN certificate applies only to interest and dividend payments, and certain payments made with respect to readily tradable instruments. Any other reportable payment, such as non-employee compensation, is subject to backup withholding immediately, even if the payee has applied for and is awaiting a TIN. Upon presentation of an awaiting TIN certificate, the payee must certify under penalties of perjury that he/she is not currently subject to backup withholding.

First “B” Notice

1. Send the First “B” Notice, Form W-9, and an optional reply envelope to the payee within 15 business days from

the date of the CP2100/CP2100A Notice or the date you received it (whichever is later). Date the "B" Notice no later than 30 business days after the date of the CP2100/CP2100A Notice or the date you received it (whichever is later). The outer mailing envelope must be clearly marked "IMPORTANT TAX INFORMATION ENCLOSED" or "IMPORTANT TAX RETURN DOCUMENT ENCLOSED."

2. Make sure that necessary information such as the date, account number, and BWH rate are on the "B" Notice before mailing it to the payee. If you do not include the optional reply envelope be sure to provide return address information in your mailing.
3. Update your records with the corrected information you receive from the payee and include it on any future

information returns you file. Do not send the signed Form W-9 to the IRS.

4. Begin backup withholding on payments made to payees who do not return a signed Form W-9 in response to the First "B" Notice, no later than 30 business days after the date of the CP2100/CP2100A Notice or the date you received it (whichever is later). However, you may begin backup withholding the day after the date you receive the CP2100 Notice. Stop backup withholding no later than 30 calendar days after you receive the signed Form W-9 from the payee. You may stop backup withholding any time within that 30 calendar day period.

Note: Do not file a corrected Information Return unless you are also making a change to the dollar amount reported on a Form 1099.

Note: It is your responsibility to send the appropriate “B” Notice to the payee, when required, to obtain the correct Name/TIN. This information may not be solicited by telephone. You need a TIN that the payee certifies as correct on Form W-9 in order to stop current backup withholding or prevent backup withholding from starting.

Second “B” Notice

1. Send the Second “B” Notice and an optional reply envelope to the payee within 15 business days after the date of the CP2100/CP2100A Notice or the date you received it (whichever is later). Date the “B” notice no later than 30 business days after the date of the CP2100/CP2100A Notice or the date you received it (whichever is later). Do not send a Form W-9. The outer mailing envelope must be clearly marked **“IMPORTANT TAX INFORMATION ENCLOSED”** or

"IMPORTANT TAX RETURN DOCUMENT ENCLOSED."

2. An individual payee must provide the payor with a copy of a Social Security card with his or her correct name and SSN. Payors may rely upon a Social Security card as being correct only if the name and SSN combination appearing on the card differ from the name and SSN combination appearing on the second B notice, or if there is a date appearing on the Social Security card that is no earlier than six months prior to the date of the second B notice. If the TIN is an EIN, the payee must contact the IRS to get his or her employer identification number validated on the IRS Letter 147C. A "Letter 685C" is requested from the IRS by the payee to validate an ITIN. The payee then sends a copy of the "Letter 685C" received from the IRS to

the Payer. A "Letter 096C" is requested by the payee from the IRS to validate an ATIN. The payee then sends a copy of the "Letter 096C" received from the IRS to the payer.

3. Allow 30 business days after the date of the Second "B" Notice to receive a copy of a Social Security card described in paragraph 2 or Letter 147C from the payee. Begin backup withholding on payments made to the payee if you do not receive a copy of a Social Security card or Letter 147C by the 30th business day. You may, at your option, begin backup withholding anytime during the 30 business day period. You must continue to backup withhold until you receive the validation. Stop backup withholding no later than 30 days after you receive the required validation. You may stop backup withholding anytime within the

30 calendar day period after receiving validation.

Note: You are not required to file a corrected Information Return unless you are also making a change to the dollar amount reported on Form 1099.

Note: It is your responsibility to send the appropriate “B” notice to the payee, when required, to solicit the correct Name/TIN. This information may not be solicited by telephone. You need a TIN validation (IRS Letter 147C or a copy of a Social Security card as appropriate) in order to stop current backup withholding or prevent backup withholding from starting.

Third and Subsequent Notices

Generally, you may ignore a third or subsequent notice of missing or incorrect TIN(s) if you completed the actions for the First and Second “B” Notices and the incorrect payee name and TIN combination and

account number remain the same. However, if the CP2100/CP2100A Notice and listing(s) relate to the same payee, but with a different Name/TIN combination than on the “first” and “second” notice, you must treat the notice as a “first” notice.

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Part

5

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Part 5 ACTIONS FOR MISSING TIN(S) AND INCORRECT NAME/TIN COMBINATIONS

This section provides an overview of the IRS 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 or 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, 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 provided name or a developed name control to the name control in our records, we consider it correct. If no match is found using this process, we consider the 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 IRS and SSA 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:

Joan **Cedar**-Hawthorn; Victoria **Wind**sor-Maple

For joint accounts, 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 needs to inform the Social Security Administration (SSA) of the name change.

Hint: On name line one of the Form 1099, a payer 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).

Sole Proprietors

We generally develop the name control (first name line) from the last name on the information return. For example:

Mark **Hem**lock; The Sunshine Cafe; Karen **Bir**ch; Ace Computer Co.

Hint: Payers may enter a sole proprietor's business, trade, or "doing business as" name on the second name line of the information return. However, the individual name must be provided on the first name line. When individual name is provided on the first name line as shown

above, the Sole Proprietor can provide either SSN or EIN (TIN) information.

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 by the word "Estate." (The TIN should be the one that was assigned to the estate.) For example:

Frank **White** Estate Alan Greene, Exec

Estate of Frank **White** John 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 **Peri**winkle Irrevocable Trust

FBO Patrick Redwood

Chestnut Bank, Trustee

Memory Church Endowment Trust

John Waxbean, Trustee

Partnerships

We develop the name control for a partnership from the trade or business name of the partnership; if there is not any, we develop the name control from the last name of the first partner listed on the original Form SS-4 (which was used to apply for the EIN). For example:

(The) **Oak T**ree 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).

St Bernard's Methodist Church Building

Fund for St. Bernard's Church

ABC Company

Main Street Store

NOTE: Extraneous words, titles, and special characters (i.e., Mr., Mrs., Dr., and apostrophes, etc.), may be dropped during the development of name controls. For example, we dropped the period in St. Bernard's Methodist Church.

First B Notice

**IMPORTANT TAX NOTICE ACTION IS
REQUIRED Backup Withholding Warning!**

WE NEED A FORM W-9 FROM YOU

BEFORE: _____.

**Otherwise; backup withholding will begin
on**

Account Number

Current Name on Account

Current TIN on Account

The Internal Revenue Service (IRS) has notified us that the taxpayer identification number (TIN) on your account with us does not match its records. The IRS considers a TIN as incorrect if either the name or number shown on an account does not match a name and number combination in their files or the files of the Social Security Administration (SSA). If you do not take appropriate action to help us correct this problem before the

date shown above, the law requires us to backup withhold on interest, dividends, and certain other payments that we make to your account. The backup withholding rate is: ____ [set forth rates/dates] In addition to backup withholding, you may be subject to a \$50 penalty by the IRS for failing to give us your correct Name/ TIN combination. This notice tells you how to help us make your account records accurate and how to avoid backup withholding and the penalty.

Why Your TIN May Be Considered As Incorrect.

An individual's TIN is his or her social security number (SSN). Often a TIN does not match IRS records because a name has changed through marriage, divorce, adoption, etc., and the change has not been reported to SSA, so it has not been recorded in SSA's files. Sometimes an account or transaction may not contain the correct SSN of the actual owner. For example, an account in a child's

name may reflect a parent's SSN. (An account should be in the name and SSN of the actual owner.)

What You Need To Do for Individuals

If you have never been assigned a social security number (or if you lost your social security card and do not know your SSN), call your local SSA office and find out how to obtain an original (or a replacement) social security card. Then apply for it. If you already have a social security number: Compare the name and SSN on your account with us (shown at the beginning of this notice) with the name and SSN shown on your social security card. Then use the chart on the next page to decide what action to take.

IF

1. The last name and SSN on your account agree with the last name and SSN on your social security card

THEN

1. Contact your local SSA office to ascertain whether the information on SSA's records is different from that on your social security card, and to resolve any problem. Also, put your name and SSN on the enclosed Form W-9 following the instructions on the form. Sign the Form W-9 and send it to us.

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IF	THEN
2. The SSN on your account is different from the SSN on your social security card, but the last name is the same	2. Put your name and SSN, as shown on your social security card, on the enclosed Form W-9, following the instructions on the form, sign it, and send it to us. You do not need to contact SSA.
3. The last name on your account is different from the last name on your social security card, but the SSN is the same on both	3. Take one of the following steps (but not both): a) If the last name on your account is correct, contact SSA to correct the name on your social security card. Put your SSN and name shown on your account on the enclosed Form W-9 following the instructions on the form, sign it, and send it to us. However, if you are not able to contact SSA at this time, you can provide us with both last names. Put your SSN and the name shown on your social security card plus the last name shown on your account (in that order) on the enclosed Form W-9 following the instructions on the form, sign it, and return it to us. For example, if your social security card lists your maiden name, give us your SSN and your name in the following order: First/ maiden/married name. Please note, however, that you should contact SSA as soon as possible so they can correct their records. b) If the last name on your social security card is correct, put that name and your SSN on the enclosed Form W-9 following the instructions on the form. Sign it, and return it to us. You do not need to contact SSA.

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IF**THEN**

4. Both the last name and SSN on your account are different from the last name and SSN on your social security card

4. Take one of the following steps (but not both):
- a) If the last name and SSN on your social security card are correct, put that name and SSN on the enclosed Form W-9 following the instructions on the form. Sign it, and send it to us. You do not need to contact SSA.
 - b) If the last name on your account and the SSN on your social security card are correct, follow the procedure in section 3(a) above. Be sure to put the name shown on your account and the name on your social security card on the Form W-9.

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Once you have resolved what your correct name and TIN combination is, you must provide this information to us (and all your other payors) for all of your accounts to avoid a problem in the future. If you are required to visit an SSA office, take this notice, your social security card, and any other related documents with you. Information regarding what documentation is needed to update information with the Social Security Administration is available at ssa.gov.

Instructions for Non-individuals and Certain Sole Proprietors

For most **non-individuals** (such as trusts, estates, partnerships, and similar entities), the TIN is the employer identification number (EIN). The EIN on your account may be incorrect because it does not contain the number of the actual owner of the account. For example, an account of an investment club or bowling league should reflect the organization's own EIN and name, rather than

the SSN of a member. Please put the name and EIN on the enclosed Form W-9, sign it, and send it to us.

A **sole proprietor** must furnish his or her individual name and either his or her SSN or the EIN for his or her sole proprietorship. In addition to his or her individual name, the sole proprietor may also furnish the business name for the sole proprietorship, provided his or her individual name is listed before the business name. A sole proprietor must not furnish only the business name. Please put the individual name and SSN or EIN on the enclosed Form W-9, sign it, and send it to us.

Important Reminder!

You must send us a signed IRS Form W-9 before the due date of this notice even if the name and number (SSN or EIN) on your account with us match the name and number (SSN or EIN) on your social security card or the document issuing you an EIN. If we do not receive your Form W-9, and any other

documents that we need to change the name or TIN (or both) on your account before the date of this notice, we are required by law to backup withhold on any reportable payment that we pay to your account until we receive the necessary documents. A Form W-9 is enclosed for your convenience, as well as any additional documents allowing us to change the Name/TIN combination on your account.

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