

Part III - Administrative, Procedural, and Miscellaneous

Truncating Social Security Numbers on Paper Payee Statements

Notice 2009-93

SECTION 1. PURPOSE

This notice creates a pilot program allowing filers of information returns to truncate an individual payee's nine-digit identifying number on paper payee statements for calendar years 2009 and 2010 if the filers meet the requirements set forth in this notice. This notice only applies to paper payee statements in the Form 1098 series, Form 1099 series, and Form 5498 series. Filers who meet the requirements in this notice will be treated as having satisfied any requirement in Treasury and IRS guidance, whether in a regulation, form, or form instructions, to include a payee's identifying number on a payee statement. This notice also invites public comment.

SECTION 2. BACKGROUND

An information return is a return, statement, form, or other document that must be filed with the IRS to report certain payments or distributions to a payee or amounts received from a payee in a calendar year. See section 6724(d)(1); Treas. Reg. § 301.6721-1(g)(1). A filer is any person required to file an information return. See Treas. Reg. § 301.6721-1(g)(6). A payee is any person who is required to receive a copy of the information set forth on an information return by the filer of the return. See Treas. Reg. § 301.6721-1(g)(5). A filer generally must also furnish a payee statement to each payee that contains the same information as the information return for that

payee. See section 6724(d)(2); Treas. Reg. § 301.6722-1(d)(2). Generally, filers are required to furnish payee statements to payees on or before January 31st (in some instances on or before February 15th) of the year following the calendar year for which the information return is made. See, e.g., sections 6041(d) and 6042(c). Filers may be subject to penalties for failure to file correct information returns or furnish correct payee statements. See sections 6721 and 6722.

Regulations, forms, or instructions to forms typically require that the payee statement include the identifying number of the payee. The three types of identifying numbers applicable to individuals are social security numbers, IRS individual taxpayer identification numbers, and IRS adoption taxpayer identification numbers. All three of these identifying numbers are nine-digit numbers taking the form 000-00-0000. Treas. Reg. § 301.6109-1(a)(1)(i).

A person's identifying number is sensitive personal information. A risk exists that this information could be misappropriated from a payee statement and misused in various ways, such as to facilitate identity theft. In an effort to minimize this risk, this notice creates a pilot program allowing truncation of individual identifying numbers on certain paper payee statements.

SECTION 3. SCOPE

This notice only applies to paper payee statements in the Form 1098 series, Form 1099 series, and Form 5498 series. Substitute and composite substitute statements (within the meaning of Treas. Reg. § 301.6722-1(a)(1)) that meet the requirements of this notice are also included. See Rev. Proc. 2008-36, 2008-33 I.R.B.

340 (reprinted as Publication 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, W-2G, and 1042-S). This notice does not apply to any information return filed with the IRS, any payee statement furnished electronically, or any payee statement not in the Form 1098 series, Form 1099 series, or Form 5498 series.

SECTION 4. REQUIREMENTS

A filer must satisfy the requirements set forth in this section to be authorized to truncate identifying numbers for individuals on paper payee statements for the calendar years 2009 and 2010. The IRS will treat a filer as having satisfied any requirement in Treasury and IRS guidance, whether in a regulation, form, or form instructions, to include a payee's identifying number on a payee statement if the following requirements are met:

.01 The identifying number is a social security number, IRS individual taxpayer identification number, or IRS adoption taxpayer identification number;

.02 The identifying number is truncated by replacing the first five digits of the nine-digit number with asterisks or Xs (for example, a social security number 123-45-6789 would appear on the paper payee statement as ***-**-6789 or XXX-XX-6789); and

.03 The truncated identifying number appears on a paper payee statement (including substitute and composite substitute statements) in the Form 1098 series, Form 1099 series, or Form 5498 series for calendar year 2009 or 2010.

SECTION 5. EFFECTIVE DATE

This notice is effective immediately as to paper payee statements in the Form

1098 series, Form 1099 series, and Form 5498 series for calendar years 2009 and 2010.

SECTION 6. REQUEST FOR COMMENTS

The IRS invites the public to submit comments on this notice by May 1, 2010.

Comments are specifically sought on the following:

- Whether truncation of an individual's identifying number on paper payee statements should be required, rather than permitted;
- Whether truncation should be permitted or required for identifying numbers appearing on paper payee statements not within the scope of this notice;
- Whether truncation should be permitted or required for payee statements furnished electronically;
- Whether a filer should be required to include the complete identifying number on the payee statement if requested by the payee; and
- Whether truncation creates difficulties for filers and/or payees.

Comments on any other matters relating to the procedures set forth in this notice are also encouraged.

Comments should be submitted to: Internal Revenue Service, CC:PA:LPD:PR (Notice 2009-93), Room 5203, P.O. Box 7604, Ben Franklin Station, N.W., Washington, D.C. 20044. Alternatively, comments may be hand delivered between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday, to CC:PA:LPD:PR (Notice 2009-93), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, N.W.,

Washington, D.C. Comments may also be transmitted electronically via the following e-mail address: Notice.Comments@irsounsel.treas.gov. Please include "Notice 2009-93" in the subject line of any electronic communications. All comments will be available for public inspection and copying.

SECTION 7. DRAFTING INFORMATION

The principal author of this notice is Tammie A. Geier of the Office of the Associate Chief Counsel (Procedure and Administration). For further information regarding this notice, please contact Tammie A. Geier at (202) 622-4940 (not a toll-free call).