

Part III
Administrative, Procedural, and Miscellaneous

26 CFR 601.602: Tax Forms and Instructions.
(Also Part 1, §§ 3406; 6109; 31.3406(d)-5.)

Rev. Proc. 2003-9

SECTION 1. PURPOSE

This revenue procedure establishes an expanded Taxpayer Identification Number (TIN) Matching Program (The Program). The Federal Agency TIN Matching Program established by Rev. Proc. 97-31 was limited to Federal agencies and processed data on tapes or cartridges. The Program established by this revenue procedure is an online system open to all payors of “reportable payments” as defined in section 3.06, and their authorized agents as defined in section 3.02.

Until further notice, Federal agencies may match TINs under the procedures of either Rev. Proc. 97-13 or this revenue procedure. However, the Service encourages Federal agencies to use the Program established by this revenue procedure.

The Program permits payors to verify the payee TINs required to be reported on information returns and payee statements. Prior to filing an information return, a Program participant may check the TIN furnished by the payee against the name/TIN combination contained in the Service data base maintained for the Program. The IRS will maintain a separate name/TIN data base specifically for the Program and will inform the payor whether or not the name/TIN combination furnished by the payee matches a name/TIN combination in the data base. The TIN Matching online interactive program will provide the results of up to 25 requests in real time. A bulk file containing up to 100,000 TIN match requests can be processed overnight via a Secure Mailbox. The matching details provided to participating payors will help avoid TIN errors and reduce the number of backup withholding notices required under section 3406(a)(1)(B) of the Internal Revenue Code.

SECTION 2. BACKGROUND

.01 Section 3406(a)(1) provides, in part, that the payor shall deduct and withhold income tax from a reportable payment if either - -

(1) the payee fails to furnish the payee’s TIN to the payor in the required manner,
or

(2) the Secretary of the Treasury notifies the payor that the TIN furnished by the payee is incorrect.

.02 Section 31.3406(j)-1(a) of the Employment Tax Regulations provides that the Commissioner has the authority to establish TIN matching programs and may prescribe by revenue procedure or other guidance the scope of and terms and conditions for participating in such programs.

.03 Section 31.3406(j)-1(b) provides that none of the matching details received by a payor through a TIN matching program will constitute a notice regarding an incorrect name/TIN combination under § 31.3406(d)-5(c) for purposes of imposing backup withholding under § 3406(a)(1)(B).

.04 Section 31.3406(j)-1(c) provides that § 3406(f), relating to confidentiality of information, applies to any matching details received by a payor through a TIN matching program. A payor may not take into account any such matching details in determining whether to open or close an account with a payee.

.05 Section 6721 provides that a payor may be subject to a penalty for failure to file a complete and correct information return. Section 6722 provides that a payor may be subject to a penalty for failure to furnish a complete and correct information statement (payee statement) to a payee. Not including the correct payee TIN on an information return or payee statement is a failure subject to the §§ 6721 and 6722 penalties.

.06 Section 6724 provides that the Service may waive the penalties under §§ 6721 and 6722 if the filer (payor) shows that the failure was due to reasonable cause and was not due to willful neglect. The regulations under § 6724 provide that a filer may establish reasonable cause by showing, among other things, that the failure arose due to an event beyond the filer's control.

.07 Section 31.3406(j)-1(d) provides that the Service will not use a payor's decision not to participate in the TIN Matching Program as a basis to assert that the payor lacks reasonable cause under § 6724(a) for failure to file a correct information return under § 6721 or to furnish a correct payee statement under § 6722.

SECTION 3. DEFINITIONS

.01 Participant. The term "participant" means a person that is either a payor or a payor's authorized agent and that has applied and been accepted to participate in the Program.

.02 Authorized Agent. The term "authorized agent" means a person that, with the payor's written authorization, matches name and TIN combinations on behalf of the payor.

.03 Participating Payor. The term "participating payor" means a payor that is participating in the Program either on its own behalf or through an authorized agent that is a participant.

.04 Payee. The term “payee” means a person with respect to whom a reportable payment, as defined in § 3406(b), has been made or is likely to be made by a participating payor.

.05 Account. The term “account” means any account, instrument, or other relationship with a payee (such as a contract) with respect to which a participating payor has made or is likely to make a reportable payment. See § 31.3406(j)-1(e).

.06 Reportable Payment. The term “reportable payment” means interest and dividend payments as defined in § 3406(b)(2) and other reportable payments as defined in § 3406(b)(3).

.07 TIN. For the purposes of this revenue procedure, the term “TIN” means the taxpayer identification number that a payee is required to furnish to a payor. The TIN may be an Employer Identification Number (EIN), a Social Security Number (SSN), or an Internal Revenue Service Individual Taxpayer Identification Number (ITIN). See § 6109.

.08 User. The term “user” means an individual who has registered and received an Internal Revenue Service user account number for the TIN Matching Program.

SECTION 4. SCOPE

This revenue procedure applies to participants accepted in the Program under section 5 of this procedure. Publication 2108, Specifications for TIN Matching Program, contains the format and processing specifications for transmitting the name/TIN data and procedures for operation of the Program.

Participating payors may cite a name and TIN match as reasonable cause under § 6724(a), if the Service asserts a penalty under § 6721 or § 6722. The Service will waive the penalty if the participating payor presents documentation of the match in a manner set forth in Publication 2108.

SECTION 5. APPLICATION, REGISTRATION, ACCEPTANCE

.01 Application to Participate. A payor or authorized agent may apply to participate in the Program by submitting an application in the form and the manner specified in Publication 2108, Specifications for TIN Matching Program. The application must be signed by an individual who can legally bind the applicant.

.02 Registration. A participant in the Program may designate one or more individuals who are authorized to access the name/TIN data base on behalf of the participant. A designated individual may access the data base only through an Internal Revenue Service user account and must register with the Internal Revenue Service to obtain a user account and become a user. Registration is accomplished online in the

manner specified in Publication 2108. The registrant must provide name, social security number, adjusted gross income from the current or prior year's tax return, and date of birth. The registrant must self-select a user name, password, and PIN. After verifying the information provided by the registrant, the Service will mail a registration notice containing a confirmation number to the registrant's postal address of record.

.03 Access to System. A newly registered individual will have limited system access (e.g., to apply for e-file and maintain his or her registration data) until the registrant receives and enters the confirmation number. Upon entering the confirmation number, the registrant may access the system on behalf of a Program participant that has authorized such access by a designation of the registrant under section 5.02.

SECTION 6. REQUIREMENTS FOR PARTICIPATION

Participants in the Program must - -

.01 Comply with all requirements of this revenue procedure and Publication 2108;

.02 Transmit only name/TIN combinations relating to accounts (as defined in section 3.05 of this revenue procedure) with respect to which a reportable payment is made, or is likely to be made, on or after the effective date of this revenue procedure;

.03 Transmit only name/TIN combinations that have not been previously transmitted by that participant to the Service for matching;

.04 Maintain the confidentiality of information obtained through TIN solicitation activities in accordance with the requirements of § 31.3406(f)-1 of the Employment Tax Regulations;

.05 Provide the Service with the information necessary to monitor the effectiveness of the Program.

SECTION 7. INQUIRIES

Questions about this TIN Matching Program may be addressed to:

Internal Revenue Service
Martinsburg Computing Center
250 Murall Drive MS 360
Attn: TIN Matching Coordinator
Kearneysville, West Virginia 25430

SECTION 8. EFFECT ON OTHER DOCUMENTS

This revenue procedure modifies Revenue Procedure 97-31, 1997-1 C.B. 703, to establish an expanded TIN Matching Program open to all payors of reportable

payments and their authorized agents. Until notified otherwise, Federal agencies may continue to match TINs under the procedures set forth in Rev. Proc. 97-31.

SECTION 9. EFFECTIVE DATE

This revenue procedure will be effective upon the IRS issuing a Notice announcing the availability of E-Services.

SECTION 10. DRAFTING INFORMATION

The principal author of this revenue procedure is Patricia Manasevit of the Office of the Associate Chief Counsel, Procedure and Administration. For further information regarding this revenue procedure, contact Ms. Manasevit on (202) 622-4910 (not a toll free call).