

Appendix C

REG-148873-09, TIN Truncation Regulations

INFORMATION REPORTING PROGRAM ADVISORY COMMITTEE (IRPAC)

1111 Constitution Avenue, NW, Room 7563, Washington, D.C. 20224

Jeffrey Mason,
Chairperson

Burden Reduction

Sub-Group:

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Paul Banker
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February 14, 2013

Internal Revenue Service
CC: PA:LPD:PR (REG-148873-09)
Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Emerging Compliance Issues

Sub-Group:

Susan Boltacz, Chair
Lynne Gutierrez
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Kristin Johnson
Victoria Kaner
Michael Lloyd
Arthur Wolk

Re: REG-148873-09

To Whom It May Concern:

Employee

Benefits/Payroll

Sub-Group:

Rebecca Harshberger,
Chair
Boyd Brown
Anne Lennan
Julia Shanahan
Holly Sutton

On behalf of the Information Reporting Program Advisory Committee (IRPAC)¹, we submit the following comments in response to proposed TIN truncation regulations announced in REG-148873-09 (IRB 2013-7; February 11, 2013). For calendar years 2009-2012, many filers have taken advantage of the pilot program announced by the IRS in Notice 2009-93, as extended and modified in Notice 2011-38, to truncate the individual identifying numbers on specified paper payee statements. This program has assisted in efforts to protect payees' identity theft and misappropriation of sensitive personal information. We are encouraged by the proposed regulations to make the program permanent, as well as the application to electronically delivered statements.

International Reporting & Withholding

Sub-Group:

Donald Morris, Chair
Frederic Bousquet
Duncan Brenan
Terence Coppinger
Mark Druckman
Marjorie Penrod
Jonathan Sambur

IRPAC, however, has the following comments to the proposed regulations for your consideration.

Make the Employer Identification Numbers (EINs) eligible for truncation.

We ask that the IRS permit payors to truncate EINs on payee statements. IRPAC does not believe a distinction between EINs and SSNs, ITINs and ATINs for truncation is necessary as EINs can still be the target of identity theft and other abuses. Even if the

¹ IRPAC was established in 1991 in response to an administrative recommendation in the final Conference Report of the Omnibus Budget Reconciliation Act of 1989. Since its inception, IRPAC has worked closely with the IRS to provide recommendations on a wide range of issues intended to improve the information reporting program and achieve fairness to taxpayers. IRPAC members are drawn from and represent a broad sample of the payer community, including major professional and trade associations, colleges, and universities, and state taxing agencies.

risk of misuse with EINs is less than that with the other identifying numbers, we do not see the downside of also making EINs eligible for truncation. In addition, our research to date indicates that most payors do not have fields or indicators that easily distinguish individual TIN types from EINs. Therefore, some payors have not been able to utilize the pilot program and assist their customers and the IRS with preventing identity theft. Including EINs would make this program more effective and eliminate additional programming costs.

Increase the population of eligible forms.

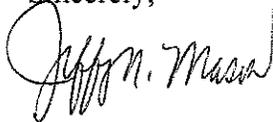
During the course of the pilot program, Form 1097-BTC (Bond Tax Credit) was introduced. Because it is not in the 1099 or 1098 series, it was ineligible for the pilot program and is not being considered in the proposed regulations. This creates an unfortunate divergence from the current effort to protect taxpayers. Further, the value of tax credits reported on Form 1097-BTC is also reported on Form 1099-INT, which is eligible for TIN truncation. It seems that the only reason for this disparity is the decision to introduce the 1097 series as part of the information returns program.

IRPAC strongly recommends that the regulations be drafted to include all information returns unless they are explicitly excluded either in the regulations (due to existing limitations cited in the preamble) or, in the case of a newly introduced form, in the form's instructions. By doing so, the protection against identity theft becomes a standard for information returns rather than a concept that must be applied explicitly by regulation to each new form series that is introduced.

Addressing this issue in a more global, sustainable way is highly beneficial to taxpayers and this would be an appropriate time to establish that foundation. Additionally, other existing information returns outside the 1099, 1098, 5498 series, such as Form 2439, should be included in the regulations through this more global approach.

Thank you for the opportunity to comment on these important regulations. We look forward to further discussions with you.

Sincerely,



Jeffrey Mason
IRPAC Chairperson