



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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RE: Employer Identification Numbers

Dear 

This letter responds to your request dated May 11, 2001, for information regarding the Internal Revenue Service rules for applying for employer identification numbers (EINs) in certain situations.

In your letter, you stated that your client is a tax-exempt organization that owns a number of hospitals. Currently, the hospitals are not separate exempt organizations but are merely operating units of the one tax-exempt organization. However, all of the hospitals except one, have applied for, and obtained separate EINs. Your client plans to merge into another related exempt organization in the future. You are specifically concerned about the hospitals' EINs after the merger takes place¹. You asked:

- (1) whether a newly purchased hospital, as an operating unit, may have its own EIN;
- (2) whether after the merger, the hospitals may continue to use their existing EINs; and
- (3) whether the hospital currently using your client's EIN may continue using your client's EIN after the merger.

Below is a general description of the applicable law regarding EINs.

Generally, section 6011(a) of the Internal Revenue Code (Code) provides that every person required to make a return or statement shall include therein the information

¹For information concerning predecessor/successor employer rules involving carryover wage base for employment tax purposes, please see sections 3121(a)(1) and 3306(b)(1) of the Code and sections 31.3121(a)(1)-(1)(b)(3) and 31.3306(b)(1)-1(b)(3) of the Regulations on Employment Taxes and Collection of Income Tax at the Source.

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required by the forms or regulations. Section 6109(a)(1) provides that when required by regulations prescribed by the Secretary, any person required under the authority of Title 26 to make a return statement, or other document must include in the return, statement, or other document the identifying number as may be prescribed for securing the proper identification of such person.

Section 301.6109-1(a)(1)(ii)(C) of the Regulations on Procedure and Administration provides that an EIN is the proper identifying number for nonindividuals, including trusts, partnerships, or corporations.

Publication 557, Tax-Exempt Status for Your Organization, offers guidance to tax-exempt organizations about EINs. According to Publication 557, if the central organization does not have an EIN, it must send a completed Form SS-4, Application for Employer Identification Number, with its exemption application. In addition, the publication provides that each subordinate must have its own EIN even if it has no employees. A subordinate organization is a chapter, local, post, or unit of a central organization. The central organization must send with the group exemption application a completed Form SS-4 on behalf of each subordinate not having an EIN. Therefore, if an organization has subordinate organizations, each subordinate should have an EIN.

Publication 1635, Understanding Your EIN, offers guidance to taxpayers concerning when a new EIN is needed for a corporation. According to Publication 1635, a new EIN is needed if: (1) a subsidiary of a corporation currently uses the parent's corporate EIN; (2) a business is a subsidiary of a corporation; (3) a corporation becomes a partnership or a sole proprietorship; or (4) a new corporation is created after a statutory merger. However, a new EIN is not needed if a business is a division of a corporation; or if, after a corporate merger, the surviving corporation uses its existing EIN.

This letter is a general information letter only and intended only to provide you with general guidance for determining how to comply with applicable law. It describes well established interpretations or principles of tax law without applying them to a specific set of facts. It is advisory only and has no binding effect. If you would like a ruling based on your specific facts, please submit a request pursuant to Rev. Proc. 2001-1, 2001-1 I.R.B. 1.

If you have any further questions, please call (202) 622-4910.

Sincerely,
Donna Welch
Acting Assistant to the Branch Chief, Branch 1
Administrative Provisions & Judicial Practice