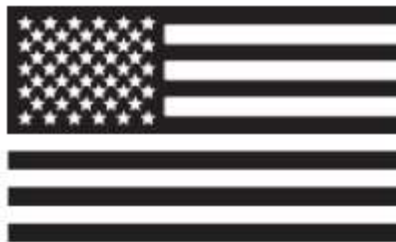


Publication 1586

Reasonable Cause Regulations & Requirements for Missing and Incorrect Name/TINs on Information Returns

(Including instructions for reading CD/DVDs)



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I. INTRODUCTION

Purpose

This publication:

- Provides general information needed to avoid penalties under Internal Revenue Code (IRC) 6721 through IRC 6723 for information return documents that are filed or furnished with missing or incorrect taxpayer identification numbers (TINs).
- Describes the actions that must be taken, or should have been taken, to solicit (request) a TIN.
- Explains the requirements for establishing reasonable cause.

Applicable Regulations

Treasury Regulations affecting all persons who may be subject to penalty for failure to comply with the information reporting

requirements defined under IRC 6724(d) include, but are not limited to:

- 301.6721-1, Failure to file correct information returns
- 301.6722-1, Failure to furnish correct payee statements
- 301.6723-1, Failure to comply with other information reporting requirements
- 301.6724-1, Reasonable cause

Other regulations that apply to specific forms may supersede all or parts of these regulations. Examples of such regulations include, but are not limited to:

- 1.6045-4, Information reporting on real estate transactions with dates of closing on or after January 1, 1991 (Form 1099-S, Proceeds From Real Estate Transactions)

- 1.6050H-2, Time, form, and manner of reporting interest received on qualified mortgage (Form 1098, Mortgage Interest Statement)
- 1.6050S-1, Information reporting for qualified tuition and related expenses (Form 1098-T, Tuition Statement)
- 1.6050S-3, Information reporting for payments of interest on qualified education loans (Form 1098-E, Student Loan Interest Statement)
- 1.6055-1, Information reporting for minimum essential coverage (Form 1095-B, Health Coverage)
- 301.6056-1, Rules relating to reporting by applicable large employers on health insurance coverage offered under employer-sponsored plans (Form 1095-C, Employer-Provided Health Insurance Offer and Coverage)

What's New?

- Updated penalty rate tables in Part VIII to reflect new rates, including annual inflation adjustments, for information returns required to be filed on or after January 1, 2024. Also included reference to Revenue Procedure for added year's rates.
- Final Treasury Regulations relating to Form 1095-B and Form 1095-C were recently published. 1.6055-1, Information reporting for minimum essential coverage became effective on December 15, 2022, and 301.6056-1, Rules relating to reporting by applicable large employers on health insurance coverage offered under employer-sponsored plans, was effective March 8, 2023.

II PENALTY FOR MISSING TINs AND INCORRECT NAME/TIN COMBINATIONS

IRC 6721, Failure to file correct information returns, imposes a penalty per return for each of the following failures related to information returns defined under IRC 6724(d)(1):

- Failure to file,
- Filed with a missing/incorrect TIN (or other missing or incorrect information),
- Filed untimely,
- Filed on paper when electronic filing was required (incorrect media),
- Filed in an incorrect format, (unprocessable), or
- Any combination of the above.

Only one penalty is imposed with respect to a single information return, even if there is more than one failure with respect to the

return. If there are multiple failures on the same information return, only the highest penalty amount will be imposed under IRC 6721. For example, if a Form 1099-B was filed 30-days late (\$50 penalty for tax year 2021) with an incorrect TIN that was not corrected by August 1st of the filing year (\$280 penalty for tax year 2021), then only a \$280 penalty will be imposed. If reasonable cause relief is accepted for the incorrect TIN and the TIN penalty is waived, the late filing penalty (\$50) may still apply and be imposed if reasonable cause relief for this failure is not granted.

Note that the penalty under IRC 6722, Failure to furnish correct payee statements, may be imposed in addition to the IRC 6721 penalty if, for example, a return was filed late, and the payee statement was furnished late.

Notice 972CG only proposes a penalty under IRC 6721.

The maximum penalty that may be imposed for one person for all such failures in a calendar year depends on the year in which the return is due. See Section VIII for details on information return penalty rates.

→ **Note:** There are no maximum penalty limitations for failures that are due to intentional disregard.

Refer to Part VIII for the applicable penalty rates and maximum penalty amounts depending on when the return is due. These penalty rates and maximum penalty amounts are subject to inflation increases as required by IRC 6721(f) for returns due on or after January 1, 2016.

De minimis rule for corrections:

Even though the filer cannot show reasonable cause, the penalty for failure to file correct information returns will not apply to a certain number of returns if the filer:

- Filed those information returns timely,
- Either failed to include all the information required on a return or included incorrect information, and
- Filed corrections by August 1st of the filing year

If the filer meets all these conditions, the penalty for filing incorrect returns will not apply to the greater of 10 information returns or $\frac{1}{2}$ of 1% (0.005) of the total number of information returns the filer is required to file for the calendar year.

→ **Note:** De minimis rule does not apply to returns that are not due on February 28 or March 15, for example Form 8300. However, returns that are not due on February 28 or March 15 are included in the total number of all information returns that the filer is required to file during a year for purpose of calculating the number of returns subject to

the de minimis rule. See Treas. Reg. 301.6721-1(d)(4).

Safe harbor exceptions for de minimis dollar amount errors:

Under the de minimis error safe harbor exceptions, the filer is not required to correct an error on an information return or payee statement to avoid penalties for failure to file a correct information return or a correct payee statement if the error relates to any incorrect dollar amount and is no more than \$100 (\$25 for tax withheld). This safe harbor applies to any individual error within the de minimis amounts.

IRC 6721(c)(3)(B) and 6722(c)(3)(B) allow payees to elect that the de minimis error safe harbor exceptions not apply and thereby request that the filer provide them with corrected statements. If the payee makes this election, the penalties for incorrect information will continue to apply to the filer and the filer must provide a corrected

information return and payee statement as necessary. See Notice 2017-09, 2017-4 I.R.B. 542.

III REASONABLE CAUSE

To show that the failure to include a correct TIN was due to reasonable cause and not willful neglect, filers must establish both that they acted in a responsible manner both before and after the failure occurred **and** that:

- There were significant mitigating factors with respect to the failure (for example, an established history of filing information returns with correct TINs), **or**
- The failure was due to events beyond the filer's control (for example, actions of the payee or any other person).

Except as otherwise stated in this publication, acting in a responsible manner for missing and incorrect TINs generally includes making an initial solicitation (request) for the payee's name and TIN and, if required, annual solicitations.

Mitigating factors or events beyond the filer's control alone are not sufficient to establish reasonable cause. Upon receipt of the newly provided TIN, it must be used on any future information returns filed. Refer to Treas. Reg. 301.6724-1 for all reasonable cause guidelines.

→ **Note:** Employers may use the Social Security Administration's (SSA) Social Security Number (SSN) verification systems to verify the employee's name and SSN, but there is no Internal Revenue Service (IRS) requirement to do so. The option is useful for employers to identify potential discrepancies and correct SSNs before receiving a penalty

notice. For more information, go to [www.socialsecurity.gov/employer.](http://www.socialsecurity.gov/employer)

TIN Matching is also available as part of the Internet based pre-filing e-services that allows “authorized payers of payments subject to backup withholding” the opportunity to match Form 1099 payee information against IRS records prior to filing information returns. For more information, go to [https://www.irs.gov/tax-professionals/taxpayer-identification-number-tin-matching.](https://www.irs.gov/tax-professionals/taxpayer-identification-number-tin-matching)

IV NOTICE 972CG, NOTICE OF PROPOSED CIVIL PENALTY

Proposed Penalty Notice

Notice 972CG proposes an IRC 6721(a) penalty for information returns that were filed late, filed on incorrect media, filed with a missing or incorrect TIN, or a combination of

these failures. For information returns filed with missing or incorrect TINs, Notice 972CG includes a list of the information returns filed with missing or incorrect name/TIN combinations.

Filers should compare this list with their records to determine if:

- Appropriate action was taken in the year for which the penalty is being proposed (see Part VI) to meet the requirements for establishing reasonable cause.
- An annual solicitation must be made in the current year to avoid penalties in future years.

→ **Note:** Filers must provide a separate written explanation to substantiate a reasonable cause waiver for proposed penalties related to late filing and/or failure to electronically file information returns.

Federal Agencies:

Penalties and interest are not asserted against federal agencies per Policy Statement 20-2. In lieu of Notice 972CG, federal agencies receive Notice 972F with a listing of the information returns filed with missing or incorrect TINs so they can take appropriate actions to solicit for the correct TINs for future filings.

Contents of Notice 972F for Federal Agencies:

- A list of the information returns filed with missing or incorrect name/TIN combinations.

Although federal agencies are not legally required to respond to the Notice 972F, they should be sure to abide by the same solicitation rules to obtain a correct TIN and backup withhold when required.

Contents of Notice 972CG Include

- An explanation of the proposed penalty,
- An explanation of how to respond to the notice,
- A record of each submission considered in the total penalty, including the form type, date received (if not timely filed), whether the returns were original or corrected, the transmitter control code (for electronic filers), and the type of penalty that applies (or penalties that apply) such as late, incorrect TINs, etc.,
- A list of the information returns filed with missing or incorrect name/TIN combinations so the filer can reconcile with the filer's records,
- A summary of the proposed penalty, which takes into consideration all

penalties proposed, and the maximum penalty amount that can be assessed under IRC 6721(a),

- A response page, and
- A payment/correspondence slip.

How to Answer Notice 972CG

- The notice must be answered within 45 calendar days (60 calendar days for foreign filers) from the notice date.
- If more time is needed, submit a written request to the address listed on the notice before the end of the 45 or 60- day period.
- Send in the portion of the payment/correspondence slip that is appropriate to the filer's response (i.e., fully agreeing, partially agreeing, or totally disagreeing with the proposed penalty). Sign in the space provided and submit payment if the

filer fully or partially agrees to the proposed penalty.

- In seeking a waiver of the proposed penalty, the filer must submit a written statement that:
 1. States the specific provision under which the waiver is being requested (for example: event beyond filer's control), see Treas. Reg. 301.6724-1(b) and (c).
 2. Sets forth all the facts alleged as the basis for reasonable cause and that the filer acted in a responsible manner (for example: specifies that the applicable solicitation (initial, first annual, second annual, etc.) for each missing/ incorrect TIN took place in the time and manner required by regulations. See part VI for more information on TIN solicitation rules, as well as Treas. Reg. 301.6724-1(e) & (f)).

3. Contains the signature of person required to file the return.
 4. Contains the declaration that it is made under penalties of perjury.
- Do not submit copies of the TIN solicitations unless requested.
 - The IRS may issue Letter 1948C to ask for additional explanation or information to support the request to waive the proposed penalty. If the filer doesn't respond by the time indicated in the Letter 1948C, the IRS will deny the waiver request and assess the proposed penalty.
 - If reasonable cause is established, IRS will issue Closing Letter 6304C stating that the explanation given was accepted and the applicable penalty will not be assessed.
 - If the filer's written statement does not establish reasonable cause, or only

partially establishes reasonable cause, a penalty will be assessed. The IRS will send Letter 854C explaining the reason for the denial, including the filer's appeal rights. The assessment will generate a balance due notice (CP15 or CP215) including appeal rights.

- No response to the Notice 972CG within 45 calendar days (60 calendar days for foreign filers) will result in assessment of the full amount of the proposed penalty and generate a balance due notice (CP15 or CP215) including appeal rights.

→ **Note:** Interest accrues on the balance due from the date of the CP15/CP215 Notice (unless the penalty is paid within a specified number of days stated on the CP15/CP215 Notice) and continues to accrue until the balance is fully paid. Interest charged on any

penalty amount that is later decreased will be reduced accordingly.

V MANNER OF TIN SOLICITATIONS

Payers are required to solicit the TINs of payees to meet reasonable cause criteria as acting in a responsible manner to avoid information reporting penalties. Generally, a solicitation is a request made by a payer to a payee to furnish a correct TIN. An initial solicitation for a payee's correct TIN must be made at the time an account is opened (or a relationship initiated) unless the payer already has the payee's TIN and uses that TIN for all transactions with the payee. The solicitations may be made by oral or written request or by electronic communications, depending on how the account is opened or relationship established. Where a payee's TIN is missing or incorrect after the initial solicitation, the payer generally will need to

conduct annual solicitations for a correct TIN to obtain a waiver for reasonable cause. See Treas. Reg. 301.6724-1(e)(1), (f)(1). For purposes of these procedures, a requester is anyone required to file an information return. A payee is anyone required to provide a TIN to the requester.

A payer that receives backup withholding notices reporting missing/incorrect payee TINs (CP2100 or CP2100A) must make solicitations (sending “B notices” to payees) pursuant to the backup withholding rules (Treas. Reg. 31.3406(d)-5). If the payer also receives penalty notices 972CG for missing/incorrect TINs under IRC 6721 for the same payees either during the same calendar year or with respect to information returns filed for the same tax year, and the payer has sent the required B notices to the payees, the payer is not required to also make annual solicitations for correct TINs pursuant to IRC 6724. See Publication 1281, Backup

Withholding on Missing and Incorrect Name/ TINs (including Instructions for Reading Tape Cartridges and CD/DVD Formats).

Initial Solicitations by Electronic Means

Requesters may establish an electronic system for payees to receive and respond to initial TIN solicitations. This also includes responding to and receiving solicitations by fax. Generally, the electronic system must:

1. Ensure the information received is the information sent and document all occasions of user access that result in the submission.
2. Be reasonably certain the person accessing the system and submitting the form is the person identified on the Form W-4, W-9 or W-9S.

3. Provide the same information as required by the paper Form W-4, W-9 or W-9S.
4. Require as the final entry in the submission to the requester an electronic signature by the payee whose name is on the Form W-4, W-9 or W-9S that authenticates and verifies the submission.
5. Be able to supply a hard copy of the electronic Form W-4, W-9 or W-9S if requested by the IRS.
6. For Forms W-4, the signature must be under penalty of perjury. The electronic system must inform the employee that he or she must make a declaration contained in the perjury statement and that the declaration is made by signing the Form W-4. See Treas. Reg. 31.3402(f)(5)-1(c)(2)(iii) for more information.

7. For Forms W-9 and W-9S that are required to be signed, the electronic system must provide for an electronic signature and a penalty of perjury statement. See Instructions for the Requester of Form W-9 for more information.

→ **Note:** While the filer may establish an electronic system to receive Forms W-4 from the filer's employees, the filer should make a paper option reasonably available upon request to any employee who has a serious objection to using the electronic system or whose access to or ability to use the system may be limited (for example, as a result of a disability).

Generally, annual solicitations may be made in one of the following ways:

Annual Solicitations by Mail

Annual solicitations by mail must include three items to the payee:

1. A letter stating that the payee must provide an accurate TIN and that failure to do so may result in a \$50 penalty under IRC 6723.
2. Form W-9, Request for Taxpayer Identification Number and Certification, as applicable (or a substitute document that is substantially similar to Form W-9). See Publication 1281 for detailed instructions for Form W-9.
3. A return envelope, which may be (but is not required to be) postage prepaid.

If the annual solicitation is for a missing or incorrect name/TIN required to be reported on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., then Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payment or Form W-4R,

Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions, may be included along with Form W-9.

If the annual solicitation is for a missing or incorrect Social Security Number (SSN) required to be reported on Form W-2, Wage and Tax Statement, then Form W-4, Employee's Withholding Certificate, may be used.

If the annual solicitation is for a missing or incorrect SSN required to be reported on Form 1098-E, Student Loan Interest Statement, or Form 1098-T, Tuition Statement, then Form W-9S, Request for Student's or Borrower's Taxpayer Identification Number and Certification, may be used.

Annual Solicitations by Telephone

In general, an annual solicitation may be made by telephone if the solicitation procedure is designed and carried out in a

manner that is conducive to obtaining the payee's TIN. However, telephone solicitations do not apply for missing or incorrect TINs on certain forms such as Form 1098-E and Form 1098-T. A telephone solicitation may be conducted by:

1. Calling each payee with a missing or incorrect name/TIN combination and speaking to an adult member of the household, or to an officer of the business or organization.
2. Requesting the payee's TIN.
3. Informing the payee of the \$50 penalty under IRC 6723 if the TIN is not provided.
4. Maintaining contemporaneous records showing that the solicitation was properly made.
5. Providing the records to the IRS, if requested.

→ **Note:** An annual solicitation is not required to be made for a year if no payments were made to the account for such year or if no information return is required to be filed for the account for the year.

VI ACTIONS FOR MISSING TINs AND INCORRECT NAME/TIN COMBINATIONS

TINs can be an SSN, an Employer Identification Number (EIN), an Individual Taxpayer Identification Number (ITIN), or an Adoption Taxpayer Identification Number (ATIN). SSA assigns SSNs. IRS assigns EINs, ITINs, and ATINs.

If a TIN is not provided or is obviously incorrect, it is considered missing. TINs lacking nine numerical digits or containing alpha characters are considered obviously incorrect. A name/TIN combination is incorrect when it does not match or cannot be found on IRS files that contain EINs, SSNs, ATINs, and ITINs.

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Initial and Annual Solicitations - General Rules

	Missing TINs	Incorrect TINs
Initial Solicitation	<ul style="list-style-type: none">• Must be made at the time an account is opened or relationship established, unless the payer already has the payee's TIN and uses that TIN for all accounts of the payee.• If a TIN is not received as a result of an initial solicitation, the filer is required to make up to two annual solicitations until a TIN is obtained.	<ul style="list-style-type: none">• Must be made at the time an account is opened or relationship established unless the payer already has the payee's TIN and uses that TIN for all accounts of the payee.• No additional solicitation is required after the filer receives the TIN unless the IRS, or broker, notifies the filer that the TIN is incorrect.
First Annual Solicitation	<ul style="list-style-type: none">• Must be made if a TIN is not received as a result of an initial solicitation.• Must be made on or before December 31 of the year in which the account is opened or relationship established (for accounts opened or relationship established before December) or January 31 of the following year (for accounts opened or relationship established in the preceding December) ("annual solicitation period").	<ul style="list-style-type: none">• Must be made if filer has been notified of an incorrect TIN, whether by a broker or by the IRS (in a backup withholding notice (CP2100/ CP2100A), or penalty notice (Notice 972CG)).• If notified by penalty notice, the annual solicitation must be made on or before December 31 of the year in which the filer is notified or by January 31 of the following year if notified in the preceding December. If notified by backup withholding notice, solicitations must be made pursuant to the rules in IRC 3406. See Pub. 1281.• If a backup withholding notice is received related to the same payee in the same year as the penalty notice, or related to an information return for the same tax year, and the filer sent the required B notice under IRC 3406, an additional solicitation is not needed under IRC 6724.
Second Annual Solicitation	<ul style="list-style-type: none">• Must be made if a TIN is not received as a result of the first annual solicitation.• Must be made after the expiration of the annual solicitation period and on or before December 31 of the year immediately succeeding the calendar year in which the account is opened or relationship established.	<ul style="list-style-type: none">• Must be made if filer is notified in any year following the year of the first annual solicitation that the account of a payee contains an incorrect TIN.• Must be made on or before December 31 of the year in which the filer is notified of an incorrect TIN.

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→ **Reminder:** To claim reasonable cause based on appropriately conducting the required solicitation, the solicitation that took place must be for the tax year that the penalty is being proposed. Example: A filer appropriately made the initial solicitation during 2021 and included the TIN provided by the payee on the 2021 information return. In 2023, the IRS sent a Notice 972CG to the filer proposing a penalty for filing the 2021 information return with an incorrect TIN. The penalty generally would be waived because the filer could show it acted in a responsible manner for 2021. The filer made the first annual TIN solicitation in 2023 after having been notified by the IRS and filed the 2023 information return using a newly provided TIN from the payee. The filer can show they acted in a responsible manner for 2023 if another TIN penalty is proposed for 2023 in a future year.

Missing TINs

Special Missing TIN solicitation rules:

The following requirements apply to payee accounts with missing TINs for payments of designated distributions reported on Forms 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.:

1. Complete an initial solicitation.
2. Complete a first annual solicitation if a TIN is not received as a result of the initial solicitation, as General Rules above described.
3. Complete a second annual solicitation if a TIN is not received as a result of the first annual solicitation. See General Rules above for the time frame for the second annual solicitation.

4. Withhold from the taxable portion of any payment that is a designated distribution and is subject to withholding if a response is not received as a result of the initial solicitation. The rate of withholding depends upon the type of payment made.

Reporting entities filing Form 1095-B, Health Coverage will not be subject to penalties for failure to report a TIN if date of birth is provided when a TIN is not available, see Treas. Reg. 1.6055-1(e) effective December 15, 2022, or they comply with the requirements of Treas. Reg. 301.6724-1(e).

→ **Note:** TIN solicitations made to the responsible individual for a policy or plan are treated as TIN solicitations of every covered individual on the policy.

Additionally, a reporting entity is not required to solicit a TIN from an individual whose coverage is terminated.

→ **Reminder:** If a TIN is received from the payee, include it on any future information returns filed for that payee. A correction for a return with a missing TIN is not required to be filed unless also correcting a money amount. However, an employer should file a Form W-2c, Corrected Wage and Tax Statement, even if the employer is only filing Form W-2c to report an employee's SSN.

Incorrect TINs

Special Incorrect TIN Solicitation Rules:

A filer of the information return required under Treas. Reg. 1.6055-1 may receive an error message from the IRS indicating that a TIN and name provided on the return do not match IRS records. An error message is neither a Notice 972CG nor a requirement

that the filer must solicit a TIN in response to the error message.

The following requirements apply to payee accounts with incorrect TINs for payments of designated distributions reported on Forms 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. For payee accounts with incorrect TINs:

1. Complete an initial solicitation, as previously described.
2. Complete a first annual solicitation within 30 business days from the date on which the Notice 972CG is received.
3. Continue to treat as valid any withholding election the payee previously made on the originally completed Form W- 4P, Withholding Certificate for Pension or Annuity Payments (or a substitute form), if the payee responds to the first annual

solicitation within 45 calendar days confirming that the name/TIN combination is correct.

4. Disregard any existing withholding election based on the prior name/TIN combination if the payee responds to the first annual solicitation within 45 calendar days and furnishes a different name/TIN combination. In order to notify the payer regarding the amount, if any, of income tax to be withheld from future designated distributions, the payee must submit a new withholding election by completing Form W-4P, Form W-4R or a substitute form. This new withholding election will be effective on the date provided in the sample notice in Treas. Reg. 35.3405-1T, Q&A D-21, i.e., no later than the January 1, May 1, July 1, or October 1 after it is received, provided that it is received at least 30 days

before that date. Withhold from any periodic payments made before receiving the new withholding election using the wage withholding rate for a married individual claiming three withholding allowances.

5. Withhold from any subsequent payments that are designated distributions subject to withholding if the payee does not respond to the first annual solicitation within 45 calendar days. Alternatively, upon receipt of a Notice 972CG notifying the payer of incorrect name/ TIN combinations, disregard any prior withholding election made by the payees whose name/ TIN combinations are identified as incorrect in the Notice 972CG. In that event, the payer should consider these payees as having no withholding election in effect until receipt of new

withholding elections on Form W-4P (or substitute form).

6. Complete a second annual solicitation within the same time frame as required for the first annual solicitation when notified of an incorrect name/TIN combination in any calendar year following the first notification.

Reporting entities filing Form 1095-B, Health Coverage, or Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, will not be subject to penalties for the inclusion of an incorrect TIN if they comply with the requirements of Treas. Reg. 301.6724-1(f).

→ **Note:** TIN solicitations made to the responsible individual for a policy or plan are treated as TIN solicitations of every covered individual on the policy.

Additionally, a reporting entity is not required to solicit a TIN from an individual whose coverage is terminated.

→ **Reminder:** If a corrected TIN is received from the payee, include it on any future information return filed for that payee. A correction for a return with an incorrect TIN is not required unless also correcting a money amount. However, an employer should file a Form W-2c, Corrected Wage and Tax Statement, even if the employer is only filing Form W-2c to correct an employee's SSN.

In addition to the forms referenced in Part V, the following is a list of other forms commonly used for annual solicitations:

- Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals), or a substitute, to solicit the TIN for a nonresident alien, foreign entity, or exempt foreign person not

subject to certain U.S. information return reporting or backup withholding

- Form W-8ECI, Certificate of Foreign Person's Claim that Income is Effectively Connected With the Conduct of a Trade or Business in the United States
- Form W-8EXP, Certificate of Foreign Government or Other Foreign Organization for United States Tax Withholding and Reporting
- Form W-8IMY, Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding and Reporting

Exceptions to the Requirement for Two Annual Solicitations

In most cases, following the preceding rules will meet the requirements for acting in a responsible manner for reasonable cause for a penalty related to missing/incorrect TINs. However, there are exceptions to the requirement for two annual solicitations:

1. For Form 1098, Mortgage Interest Statement, a solicitation must be made annually until receipt of the TIN of the payee of record.
2. For Form 1099-S, Proceeds from Real Estate Transactions, an initial solicitation must be completed by the due date of the related real estate closing. No additional solicitation is required.
3. For Form 1098-E, Student Loan Interest Statement, a solicitation must be made each year during which any

person engaged in a trade or business that receives from any payer interest payments that aggregate \$600 or more for any calendar year on one or more qualified education loans.

4. For Form 1098-T, Tuition Statement, a solicitation must be made each year during which the institution or insurer receives payments for qualified tuition and related expenses or makes reimbursements, refunds, or reductions of such amounts with respect to the individual. However, educational institutions that fail to include the TIN of a student on Form 1098-T will not be subject to penalties under IRC 6721 and IRC 6722 if they certify, under penalty of perjury, as required by Form 1098-T, that they have complied with the requirements for obtaining the student's TIN.

5. If an account is closed in the same year in which a penalty notice is received for that account, do the required solicitation if reportable payments were paid to the account in that year, or if otherwise required to file a return for that account for that year.
6. If a backup withholding notice (CP2100/CP2100A) is received for an incorrect payee name and/or TIN, the payer must follow the backup withholding rules under IRC 3406 for sending B notices to the payee. If the payer also receives a penalty notice for an incorrect TIN, for the same payee, either during the same calendar year or for information returns filed for the same year, and the payer has sent the required B notices under the backup withholding rules, the payer is not required to also make annual

solicitations for correct TINs pursuant to IRC 6724. See Publication 1281 for more information related to CP2100/CP2100A.

7. If the filer fails to make one or more of the required solicitations, the filer may make two consecutive annual solicitations in subsequent years (“make-up solicitations”).

Comparison of IRS Payee Listing to Your Records

1. Compare the listing of incorrect TINs with existing records to determine if the name/ TIN combinations agree or disagree with those records.
2. If the name/TIN combination on the listing agrees with the records, do the required solicitation.
3. If the name/TIN combination on the listing disagrees with the records, a

solicitation is not required. Determine if:

- a. An error in the name/TIN combination was made when filing the information return. If so, include the correct name/TIN combination on any future information returns filed. File a Form W-2c, Corrected Wage and Tax Statement, even if the employer is only filing Form W-2c to correct an employee's SSN.
- b. The name/TIN combination was updated in the records after the information return was filed. If it was, include it on any future returns and file a Form W-2c even if only filing Form W-2c to correct an employee's SSN.
- c. The information was incorrectly read by IRS during processing. If

so, notate on the records and take no further action.

→ **Reminder:** A filer required to report federal tax withholding on Form 945 is required to use the same EIN when the associated information returns are filed.

VII FORM W-2 SSN SOLICITATIONS

In general, the solicitation rules with respect to missing or incorrect TINs on Form W-2 are the same as discussed in sections V and VI. An employer must make an initial solicitation for the employee's SSN at the time the employee begins work. The initial solicitation of the employee's SSN may be made in person, by oral request, or by written request. The SSN may also be requested through other communications, by mail, telephone, or electronic means. The employer may rely in good faith on the number provided by the employee and use it when

filling out the employee's Form W-2.

Employees are required to complete **Form I-9, Employment Eligibility Verification**, to establish that they are legally eligible to work in the U.S.

An employer has an obligation to ask for Form W-4 from a new employee. Under IRC 3402(f)(2)(A), on commencement of employment, an employee must provide a signed Form W-4 (or a substitute form) stating the number of withholding exemptions claimed by the employee.

Since the employee is required to furnish Form W-4 to the employer on commencement of employment, Form W-4 may be used as the initial solicitation of the employee's SSN. An employer who retains the Form W-4 in its records will be able to document that an initial solicitation of a TIN was made, verifying that it acted in a responsible manner.

Employers may use the SSA's SSN verification systems to verify the employee's name and

SSN, but there is no IRS requirement to do so. The option is useful for employers to identify potential discrepancies and correct SSNs before receiving a penalty notice. For more information, go to

www.socialsecurity.gov/employer.

Generally, SSA and IRS records are consistent. However, it is important to note that the database used by SSA to match names and SSNs may not be identical to the IRS database. IRS penalty notices relating to mismatched TINs are based and issued exclusively on IRS system information.

Mismatches reported under SSA verification systems are not considered IRS notices and do not trigger any further solicitation requirements under IRS rules for reasonable cause waivers. However, if an employer receives a mismatch notice from SSA, the employer may wish to re-solicit the employee's SSN and try to obtain correct information prior to filing the Form W-2.

VIII INFORMATION RETURN PENALTY RATES

The Trade Preferences Extension Act (TPEA) of 2015, section 806, increased the IRC 6721 and IRC 6722 base penalty rates from \$100 to \$250 for each return that failed to comply with information return filing requirements. The calendar year maximum penalties for both large and small businesses also increased. In addition, IRC 6721(f) and IRC 6722(f) provide for annual inflationary adjustments to the IRC 6721 and IRC 6722 penalty rates and calendar year maximum penalties for returns required to be filed and furnished on or after January 1, 2016.

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(Average annual gross receipts for the most recent 3 taxable years)

Time of correct filing	Not more than 30 days late	31 days late - August 1	After August 1	Intentional disregard
Due 01-01-2024 thru 12-31-2024 (with inflation adjustments Rev. Proc. 2022-38)	\$60 per return or statement \$630,500 maximum	\$120 per return or statement \$1,891,500 maximum	\$310 per return or statement \$3,783,000 maximum	\$630 per return or statement No maximum
Due 01-01-2023 thru 12-31-2023 (with inflation adjustments Rev. Proc. 2021-45)	\$50 per return or statement \$588,500 maximum	\$110 per return or statement \$1,766,000 maximum	\$290 per return or statement \$3,532,500 maximum	\$580 per return or statement No maximum
Due 01-01-2022 thru 12-31-2022 (with inflation adjustments Rev. Proc. 2020-45)	\$50 per return or statement \$571,000 maximum	\$110 per return or statement \$1,713,000 maximum	\$280 per return or statement \$3,426,000 maximum	\$570 per return or statement No maximum
Due 01-01-2021 thru 12-31-2021 (with inflation adjustments Rev. Proc. 2019-44)	\$50 per return or statement \$565,000 maximum	\$110 per return or statement \$1,696,000 maximum	\$280 per return or statement \$3,392,000 maximum	\$560 per return or statement No maximum
Due 01-01-2020 thru 12-31-2020 (with inflation adjustments Rev. Proc. 2018-57)	\$50 per return or statement \$556,500 maximum	\$110 per return or statement \$1,669,500 maximum	\$270 per return or statement \$3,339,000 maximum	\$550 per return or statement No maximum
Due 01-01-2019 thru 12-31-2019 (with inflation adjustments Rev. Proc. 2018-18)	\$50 per return or statement \$545,500 maximum	\$100 per return or statement \$1,637,500 maximum	\$270 per return or statement \$3,275,500 maximum	\$540 per return or statement No maximum
Due 01-01-2018 thru 12-31-2018 (with inflation adjustments Rev. Proc. 2016-55)	\$50 per return or statement \$536,000 maximum	\$100 per return or statement \$1,609,000 maximum	\$260 per return or statement \$3,218,500 maximum	\$530 per return or statement No maximum
Due 01-01-2017 thru 12-31-2017 (with inflation adjustments Rev. Proc. 2015-53)	\$50 per return or statement \$532,000 maximum	\$100 per return or statement \$1,596,500 maximum	\$260 per return or statement \$3,193,000 maximum	\$530 per return or statement No maximum
Due 01-01-2016 thru 12-31-2016 (with inflation adjustments Rev. Proc. 2016-11)	\$50 per return or statement \$529,500 maximum	\$100 per return or statement \$1,589,000 maximum	\$260 per return or statement \$3,178,500 maximum	\$520 per return or statement No maximum
Due 01-01-2011 thru 12-31-2015	\$30 per return or statement \$250,000 maximum	\$60 per return or statement \$500,000 maximum	\$100 per return or statement \$1,500,000 maximum	\$250 per return or statement No maximum

→ **Note:**

Increased penalty amounts may apply for certain failures in the case of intentional disregard. In some cases, the penalty amounts in the case of intentional disregard may be larger than the figures in this chart and may depend on the aggregate amount required to have been reported. See IRC 6721(e)(2) and IRC 6722(e)(2). The penalty amounts above apply separately to each IRC 6721 and IRC 6722.

IRC 6721 & IRC 6722- Small Businesses with Gross Receipts \$5 Million or Less (Average annual gross receipts for the most recent 3 taxable years)				
Time of correct filing	Not more than 30 days late	31 days late - August 1	After August 1	Intentional disregard
Due 01-01-2024 thru 12-31-2024 (with inflation adjustments Rev. Proc. 2022-38)	\$60 per return or statement \$220,500 maximum	\$120 per return or statement \$630,500 maximum	\$310 per return or statement \$1,261,000 maximum	\$630 per return or statement No maximum
Due 01-01-2023 thru 12-31-2023 (with inflation adjustments Rev. Proc. 2021-45)	\$50 per return or statement \$206,000 maximum	\$110 per return or statement \$588,500 maximum	\$290 per return or statement \$1,177,500 maximum	\$580 per return or statement No maximum
Due 01-01-2022 thru 12-31-2022 (with inflation adjustments Rev. Proc. 2020-45)	\$50 per return or statement \$199,500 maximum	\$110 per return or statement \$571,000 maximum	\$280 per return or statement \$1,142,000 maximum	\$570 per return or statement No maximum
Due 01-01-2021 thru 12-31-2021 (with inflation adjustments Rev. Proc. 2019-44)	\$50 per return or statement \$197,500 maximum	\$110 per return or statement \$565,000 maximum	\$280 per return or statement \$1,130,500 maximum	\$560 per return or statement No maximum
Due 01-01-2020 thru 12-31-2020 (with inflation adjustments Rev. Proc. 2018-57)	\$50 per return or statement \$194,500 maximum	\$110 per return or statement \$556,500 maximum	\$270 per return or statement \$1,113,000 maximum	\$550 per return or statement No maximum
Due 01-01-2019 thru 12-31-2019 (with inflation adjustments Rev. Proc. 2018-18)	\$50 per return or statement \$191,000 maximum	\$100 per return or statement \$545,500 maximum	\$270 per return or statement \$1,091,500 maximum	\$540 per return or statement No maximum
Due 01-01-2018 thru 12-31-2018 (with inflation adjustments Rev. Proc. 2016-55)	\$50 per return or statement \$187,500 maximum	\$100 per return or statement \$536,000 maximum	\$260 per return or statement \$1,072,500 maximum	\$530 per return or statement No maximum
Due 01-01-2017 thru 12-31-2017 (with inflation adjustments Rev. Proc. 2015-53)	\$50 per return or statement \$186,000 maximum	\$100 per return or statement \$532,000 maximum	\$260 per return or statement \$1,064,000 maximum	\$530 per return or statement No maximum
Due 01-01-2016 thru 12-31-2016 (with inflation adjustments Rev. Proc. 2016-11)	\$50 per return or statement \$185,000 maximum	\$100 per return or statement \$529,500 maximum	\$260 per return or statement \$1,059,500 maximum	\$520 per return or statement No maximum
Due 01-01-2011 thru 12-31-2015	\$30 per return or statement \$75,000 maximum	\$60 per return or statement \$200,000 maximum	\$100 per return or statement \$500,000 maximum	\$250 per return or statement No maximum

→ **Note:**

Increased penalty amounts may apply for certain failures in the case of intentional disregard. In some cases, the penalty amounts in the case of intentional disregard may be larger than the figures in this chart and may depend on the aggregate amount required to have been reported. See IRC 6721(e)(2) and IRC 6722(e)(2). The penalty amounts above apply separately to each IRC 6721 and IRC 6722.

IX IRS MATCHING PROCESS AND NAME CONTROLS

This section provides an overview of the IRS TIN matching process and the development of name controls on returns submitted electronically.

All information returns filed must include a correct name/TIN combination to allow for the matching of the information reported against the income included on the payee's income tax return. A verification check is performed to determine whether a name/TIN combination is correct by matching it against a file containing all SSNs issued by SSA and against a file containing all EINs and other TINs issued by IRS.

The name control (if provided) on an electronically filed information return is compared to the name control on file. If a name control is not provided or is provided incorrectly, one is developed 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 a match can be made, it is considered correct. If a match is not found, the name/TIN combination is considered incorrect.

A name control usually consists of up to four characters. To help ensure that the name/TIN combination for an account matches the name/ TIN combination on SSA or IRS files, use the following information when filing information returns:

Individuals

A name control for an individual is generally the first four characters of the last name on the information return.

- The name control consists of up to four alpha and/or numeric characters.

- The hyphen (-) or a blank space are the only special characters allowed in the name control. These characters cannot be in the first position of the name control.
- The name control can have less, but no more than four characters. Blanks may be present only as the last three positions of the name control.
- If an individual has a hyphenated last name, the name control is the first four characters from the first of the two last names.
- For joint returns, regardless of whether the payees use the same or different last names, the name control is the first four characters of the primary payee's last name.

→ **Reminder:** If a payee's last name has been changed, for instance, due to marriage, advise the payee to contact SSA. SSA will issue a new social security card reflecting the payee's new name and will automatically send the IRS the new name. To change the name shown on a social security card, the payee should complete SSA Form SS-5, Application for a Social Security Card. Form SS-5 is available at www.ssa.gov or by calling SSA at 1-800-772-1213 (TTY 1-800-325-0778) or by visiting a local SSA office.

Examples - Individuals	
Name	Name Control
Ralph Teak	TEAK
Dorothy Willow	WILL
Joe McCedar	MCCE
Brandy Cedar-Hawthorn	CEDA
Victoria Windsor-Maple	WIND
Joseph Ash & Linda Birch	ASH
Edward & Joan Maple	MAPL

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Sole Proprietors (not including Single-Member LLCs)

A sole proprietor must always use his/her individual name as the legal name of the business for IRS purposes.

- The name control consists of four alpha and/or numeric characters.
- The name control can have less, but no more than four characters.
- The hyphen (-) or a blank space are the only special characters allowed in the name control. These characters cannot be in the first position of the name control.
- When the taxpayer has a true name and a trade name, the name control is the first four characters of the individual's last name.

- When an individual's two last names are hyphenated, the name control is the first four characters of the first last name.

Examples - Sole Proprietors		
Name	Name Control	Comment
True Name: Arthur P. Aspen Trade Name: Sunshine Restaurant	ASPE	The name control for a sole proprietor's name is the first four significant characters of the last name.
Maiden Name: Jane Smith Married Name: Jane Smith Jones	JONE	When two last names are used but are not hyphenated, the name control is the first four characters of the second last name. When the last name is hyphenated, the name control is the first four characters of the first last name.
Jane Smith-Jones	SMIT	
Elena de la Rosa	DELA	The Spanish phrases "de", "De", "del", and "de la" are part of the name control.
Juan Garza Morales	GARZ	For Spanish names, when an individual has two last names, the name control is the first four characters of the first last name.
Maria Lopez Moreno	LOPE	
Sunny Ming Lo	LO	For last names that have only two letters the last two spaces will be "blank". Blanks may be present only as the last three positions of the name control.
Kim Van Nguyen	NGUY	Vietnamese names will often have a middle name of Van (male) or Thi (female).

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Partnerships and Single-Member LLCs

The name control for a partnership will usually result in the following order of selection:

1. For businesses “doing business as” (dba) or with a trade name, use the first four characters of the dba or trade name.
2. If there is no business or trade name, use the first four characters of the partnership name (even if it is an individual’s name, such as in a law firm partnership).
3. Online receipt of EINs generates separate rules for the name control of partnerships.
4. Whether received online or via paper, if the first word is “The,” disregard it unless it is followed by only one other word.

5. If the EIN was assigned online (the EIN will begin with one of the following two digits: 20, 26, 27, 45, 46, 47, 81, 82, 83, 84, 85, or 86), then the name control for a partnership is developed using the first four characters of the primary name line.
6. If the first two digits of the EIN are other than 20, 26, 27, 45, 46, 47, 81, 82, 83, 84, 85, or 86 the name control for a partnership, results from the trade or business name of the partnership. If there is no trade or business name, a name control results from the first four letters of a partnership name. In the case of a list of partners followed by the word partnership or an abbreviation thereof, use the last name of the first partner on the original Form SS-4, Application for Employer Identification Number.

Examples - Partnerships	
Name	Name Control
Rosie's Restaurant	ROSI
Burgandy Olive & Cobalt Ptrs	BURG
The Hemlock	THEH
John Willow and James Oak Partnership (EIN assigned online)	JOHN
A.S. Green (The) Oak Tree	OAKT
K.L. Black & O. H. Brown	BLAC
Bob Orange and Carol Black et al. Prs. Dba The Merry Go Round	MERR

Corporations

The name control for a corporation is the first four significant characters of the corporate name.

Examples - Corporations		
Name	Name Control	Comment
The Meadowlark Company	MEAD	Omit the word "The" when followed by more than one word.
The Flamingo	THEF	Include the word "The" in the name control when followed by only one word.
George Giraffe PSC	GEOR	Corporate name control rules apply if an individual name contains the abbreviations PC (Professional Corporation), SC (Small Corporation), PA (Professional Association), PS (Professional Service), or PSC (Personal Service Corporation).
Kathryn Canary Memorial Foundation	KATH	When the organization name contains the words "Fund" or "Foundation", corporate name control rules apply.
Barbara J. Zinnia ZZ Grain	ZZGR	When an individual name and a corporate name appear, the name control is the first four characters of the corporate name.

Estates, Trusts, and Fiduciaries

The name control for estates is the first four characters of the last name of the decedent. The last name of the decedent must have the word "Estate" after the first four characters in the primary name line.

The name control for trusts and fiduciaries results in the following:

1. Name controls for individual trusts are created from the first four characters of the individual's last name.
2. For corporations set up as trusts, use the first four characters of the corporate name.
3. There are separate rules for the name control of trusts, depending on whether the EIN is an online assignment.
4. If the EIN is assigned online (the EIN will begin with one of the following two

digits: 20, 26, 27, 45, 46, 47, 81, 82, 83, 84, 85, or 86), then the name control is developed using the first four characters of the first name on the primary name line. Ignore leading phrases such as "Trust for" or "Irrevocable Trust."

5. If the first two digits of the EIN are other than 20, 26, 27, 45, 46, 47, 81, 82, 83, 84, 85, or 86 then the name control for a trust or fiduciary account results from the name of the person in whose name the trust or fiduciary account is established.

Examples - Estates, Trusts, and Fiduciaries

Name	Name Control
Howard J. Smith Dec'd Howard J Smith, Estate	SMIT
Howard J. Smith Dec'd Howard J Smith, Estate (EIN assigned online)	HOWA
Michael T Azalea Revocable Trust Michael T Azalea Rvoc Trust	AZAL
Sunflower Company Employee Benefit Trust	SUNF
Jonathan Periwinkle Memory Church Irrevocable Trust (EIN assigned online)	PER
Trust for the benefit of Bob Jones (EIN assigned online)	BOBJ
Trust for the benefit of Bob Jones	JONE

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Other Organizations

Compliance with the following will facilitate the computer programs in identifying the correct name control:

1. The only organization, which the filer will always abbreviate, is Parent Teachers Association (PTA). The name control will be "PTA" plus the first letter of the name of the state in which the PTA is located.
2. The name control for a local or post number is the first four characters of the national title.
3. Use the name control of the national organization name if there is a Group Exemption Number (GEN).
4. For churches and their subordinates (for example nursing homes, hospitals), the name control consists

of the first four characters of the legal name of the church or subordinate.

5. If the organization's name indicates a political organization, use the individual's name as the name control.
6. The words Kabushiki Kaisha or Gaisha are the Japanese translation of the words "stock company" or "corporation." Therefore, if these words appear in a name line, these words would move to the end of the name where the word corporation" would normally appear.

Examples - Other Organizations	
Name	Name Control
Parent Teachers Association Congress of Georgia	PTAG
Church of All	CHUR
Committee to Elect Patrick Dole:	PATR
Green Door Kabushiki Kaisha	GREE

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X WHERE TO CALL FOR HELP

Questions related to accessing CD/DVD (see parts XI and XII) or recreating Notice 972CG may be directed to the Technical Service Operation (TSO) Centralized Call Site at 866-455-7438 (It is important to listen to all options before making your selection) or from outside the U.S. at 304- 263-8700. Other questions and correspondence related to reasonable cause are to be sent to the address provided on the notice.

To order Publication 1635, Understanding Your EIN; Form W-9, Request for Taxpayer Identification Number and Certification; and/or Publication 15 (Circular E), Employer's Tax Guide, call the IRS at 800-829-3676.

The above referenced forms, publications, and additional information are also available on the IRS website at www.irs.gov.

XI FORM 10301, CD ENCRYPTION CODE AUTHORIZATION FOR

CP2100/972CG/972F NOTICES

Form 10301 is used by filers of information returns to self-assign a Personal Identification Number (PIN) that will be used in conjunction with an encryption code (obtained by calling 866-455-7438) to access the information contained on the CD/DVD. To obtain the form, select Forms & Instructions on www.irs.gov. The form should be mailed to:

**Internal Revenue Service
230 Mural Drive
Mail Stop 4360
Kearneysville, WV 25430**

It may also be submitted via fax to: 877-477-0572 or from outside the U.S. 304-579-4105.

→ **Note:** It will take the IRS five business days to process the forms upon receipt.

XII INSTRUCTIONS FOR READING CD/DVDs

Information about the CD/DVD

Payers who filed in excess of 250 Incorrect TIN payee "B" records will have data delivered on a CD (for data files of 750Mb or less). Greater than 750Mb will be provided on a DVD. The correct reader type is required to access the media (CD or DVD) type.

The files described below are on each CD/DVD:

- I40642 Annnnnn ** is the Payer A-Record file. 114 Characters.
- I40642 Bnnnnnn ** is all the Incorrect Payee B-Records. 222 Characters each.

- I40642 Cnnnnn ** is the Payer C-Record file. 37 Characters.
- A Copy of Publication 1586, Reasonable Cause Regulations & Requirements for Missing and Incorrect Name/TINs (including instructions for reading CD/DVDs)
- Instructions for opening a CD/DVD
- Form 10301, CD Encryption Code Authorization for CP 2100/972CG Notices

**** *nnnnn is the CD/DVD transmittal number.***

The files are .txt files. Reading them with Notepad, word processing software, etc. will reflect the Pipe Codes "I" as separate characters between each field. Opening them in Excel software will allow reading them as a delimited file setting the delimiters as pipes "I". The files will be laid out without the Pipe

Codes "I", exactly as laid out in prior year cartridges.

→ **Note:** If using certain software, be careful to set or convert fields to text so that leading zeros are not truncated or blanked out.

The enclosed CD/DVD is encrypted for security purposes and an encryption code is needed to unlock it. The table below provides instructions on how to receive an encryption code and how to extract the files.

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Step	Action
	Gather the company name, the TIN, a primary or secondary contact, and your self- assigned PIN number. A Form 10301, CD Encryption Code Authorization for CP2100/972CG Notices, should have been previously completed and submitted to the IRS. This form notifies the IRS of the self-selected PIN that will be used.
1	Insert the CD/DVD in the appropriate drive on your computer.
2	<p>Call the IRS at 866-455-7438 or 304-263-8700 to receive a random- generated encryption code.</p> <p>If the "Auto-Run" feature is turned on, the system will bring up a pop-up window with the message: "Please contact the IRS at 866 455-7438 or 304-263-8700 to receive an encryption code."</p> <p>If "Auto-Run" is not turned on, the pop-up window will not appear, but the IRS must still be contacted at 866-455- 7438 or 304-263-8700 to receive an encryption code.</p>
3	Input the random-generated encryption code by double-clicking on the .exe file on the CD/DVD. (The CD/ DVD contains only one file on the initial start-up.)
4	Put in the random generated encryption code and click "OK". The next screen will provide instructions for browsing the folder tree and selecting where to extract the files.
5	Click on "OK" to begin the process of extracting and importing the files.

The information can be imported into an existing database or into other types of databases. The information can also be accessed via an Excel spreadsheet or a similar type of software. However, we have included instructions for importing the information into a Microsoft Office Access database because Access is capable of supporting a large file while some of the other software programs have column or row limitations.

→ **Note:** The Internal Revenue Service does not endorse or recommend the use of any particular software.

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Importing the CD/DVD to Access Information	
Step	Action
1	Open a new Microsoft Office Access database from your start menu or open an existing Microsoft Access database.
2	Select "Create a new file"
3	In "New File", select "Blank database". Choose where to save DVD information (i.e. "Documents"/ "Desktop" folder). Note: It is important to remember where this information is saved as this will be the folder used to import the files later in the application.
4	Select "Create". A dialog box with "(File name) Database" appears.
5	Go to "File" on the "Toolbar" and select "Get External Data" and "Import".
6	In "Import", browse drop down screen to location of text file. Select file. Under "Files of Type", browse drop down screen and select "Text File".
7	Select the text file to import.
8	Click "Import", which opens "Import Text Wizard".
9	In "Import Text Wizard", select "Delimited", then select "Next".
10	Select "Other" and insert a "Pipe" ("Shift and Backslash" keys- usually above "Enter" on the keyboard) in the box next to "Other". Text qualifier should be "{none}". Select "Next".
11	Select "In a New Table". Select "Next".
12	Selecting one column at a time, highlight the field in the "Import Text Wizard" table (shown below as Field1, Field2, through Field15 (the "Field Name" box will change to match the name of the Field column that is being highlighted) and ensure "Text" is selected as the "Data Type" for each Field. If not, change the "Data Type" field (using the dropdown screen) to "Text". This must be done in all 15 columns. Ensure that all 15 fields' "Data Type" is "Text". Accept all other defaults. (Note: At this time, you can name/ customize each field with the type of data that will be populated in it).
	Select "Next".
	Select "No Primary Key" (imports the data exactly). If "Add primary key" is selected, it will add a field in the first column and will number the rows. Select "Next".
	"Import to Table" should have the name of the file. Select "Finish". An "Import Text Wizard" box appears that says "Finished importing file..." Click on "Ok". Double click on Table Name. Table should appear. Note: To "Auto Format" each field, double click on the line in between the boxes.

Record Layouts - CD/DVD

Payer "A" Record-CD/DVD			
Position	Field Title	Length	Description and Remarks
1	RECORD TYPE	1	AN "A" WILL BE ENTERED
2	Pipe Code	1	"I"
3-17	ACCESS KEY	15	NUMBER USED BY THE IRS TO GROUP A PAYER'S INFORMATION RETURN TRANSMITTAL
18	Pipe Code	1	"I"
19-20	SERVICE CAMPUS	2	TWO DIGIT SERVICE CAMPUS CODE BROOKHAVEN=19 CINCINNATI = 17 MEMPHIS = 49 OGDEN = 29 PHILADELPHIA = 28
21	Pipe Code	1	"I"
22-30	PAYER'S TIN	9	THE NINE-DIGIT NUMBER ASSIGNED BY THE IRS
31	Pipe Code	1	"I"
32-71	PAYER'S NAME	40	SELF-EXPLANATORY
72	Pipe Code	1	"I"
73-80	NUMBER OF DOCUMENTS	8	THE NUMBER OF INFORMATION RETURNS WITH MISSING AND INCORRECT TINS ASSOCIATED WITH THIS PAYER. IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED
81	Pipe Code	1	"I"
82-89	BWH TIN STATUS 1 CNT	8	THE NUMBER OF DOCUMENTS SENT TO THE PAYER WITH A BWH-TIN-STATUS-IND EQUAL TO "1" (SEE PAYER "B" RECORD). IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED
90	Pipe Code	1	"I"
91-98	BWH TIN STATUS 2 CNT	8	THE NUMBER OF DOCUMENTS SENT TO THE PAYER WITH A BWH-TIN-STATUS-IND EQUAL TO "2" (SEE PAYER "B" RECORD) IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED.
99	Pipe Code	1	"I"
100-107	BWH TIN STATUS 3 CNT	8	THE NUMBER OF DOCUMENTS SENT TO THE PAYER WITH A BWH-TIN-STATUS-IND EQUAL TO "3" (SEE PAYER "B" RECORD) IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED.
108	Pipe Code	1	"I"
109	FILLER	1	BLANK FILLED
110	Pipe Code	1	"I"
111-114	TAX YEAR	4	TAX YEAR DOCUMENTS WERE SUBMITTED

Payer "B" Record-CD/DVD			
Position	Field Title	Length	Description and Remarks
1	RECORD TYPE	1	A "B" WILL BE ENTERED
2	Pipe Code	1	"I"
3-11	TIN	9	THE PAYEE'S TIN
12	Pipe Code	1	"I"
13	BWH TIN STATUS	1	"1" MISSING TIN "2" NOT CURRENTLY ISSUED "3" INCORRECT NAME/TIN
14	Pipe Code	1	"I"
15-19	TCC	5	TRANSMITTER CONTROL CODE
20	Pipe Code	1	"I"
21-22	DOC TYPE	2	"02" = Form 1042-S "10" = Form 1099-K "25" = Form 3921 "26" = Form 3922 "32" = Form W2-G "50" = Form 1097-BTC "71" = Form 1099-NEC "75" = Form 1099-S "79" = Form 1099-B "80" = Form 1099-A "81" = Form 1098 "83" = Form 1098-T "84" = Form 1098-E "85" = Form 1099-C "86" = Form 1099-G "91" = Form 1099-DIV "92" = Form 1099-INT "93" = Form 1099-LTC "95" = Form 1099-MISC "96" = Form 1099-OID "97" = Form 1099- PATR "98" = Form 1099-R
23	Pipe Code	1	"I"
24-43	ACCT NUMB	20	PAYEE'S ACCOUNT NUMBER FROM PAYER
44	Pipe Code	1	"I"
45-84	NAME LINE	40	PAYEE'S NAME LINE 1
85	Pipe Code	1	"I"
86-125	NAME LINE	40	PAYEE'S NAME LINE 2
126	Pipe Code	1	"I"
127-166	STR. ADDRESS	40	PAYEE'S STREET ADDRESS
167	Pipe Code	1	"I"
168-197	CITY	30	PAYEE'S CITY
198	Pipe Code	1	"I"
199-200	STATE CODE	2	PAYEE'S STATE CODE
201	Pipe Code	1	"I"
202-206	ZIP CODE	5	PAYEE'S STATE CODE
207	Pipe Code	1	"I"

208	TIN INDICATOR	1	"1" = Payer indicated EIN "2" = Payer indicated SSN "0" = no TIN indicated
209	Pipe Code	1	"I"
210-213	FILLER	4	BLANK FILLED
214	Pipe Code	1	"I"
215-222	SEQUENCE	8	NUMBER OF THE RECORD AS IT APPEARED IN THE FILE

Payer "C" Record-CD/DVD			
Position	Field Title	Length	Description and Remarks
1	RECORD TYPE	1	A "C" WILL BE ENTERED
2	Pipe Code	1	"I"
3-10	NUMBER OF DOCUMENTS	8	THE NUMBER OF INFORMATION RETURNS WITH MISSING AND INCORRECT TINS ASSOCIATED WITH THIS PAYER. IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED
11	Pipe Code	1	"I"
12-19	BWH TIN STATUS 1 CNT	8	THE NUMBER OF DOCUMENTS SENT TO THE PAYER WITH A BWH-TIN-STATUS-INDEQUAL TO"1" (SEE PAYER "B" RECORD). IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED
20	Pipe Code	1	"I"
21-28	BWH TIN STATUS 2 CNT	8	THE NUMBER OF DOCUMENTS SENT TO THE PAYER WITH A BWH-TIN-STATUS-INDEQUAL TO"2" (SEE PAYER "B" RECORD) IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED.
29	Pipe Code	1	"I"
30-37	BWH TIN STATUS 3 CNT	8	THE NUMBER OF DOCUMENTS SENT TO THE PAYER WITH A BWH-TIN-STATUS-INDEQUAL TO"3" (SEE PAYER "B" RECORD) IT WILL BE RIGHT JUSTIFIED AND ZERO FILLED.