

Internal Revenue Service  
MEMORANDUM

CC:DOM:IT&A:01  
FranceR TR-45-2517-94

date: 3/17/95

from: E. Leon Kennedy, Deputy Assistant Chief Counsel  
Income Tax & Accounting

to: Ronald S. Rhodes, Executive Director  
Service Center Compliance

subject: Batch Matching of Taxpayer Identification Numbers

This responds to your memorandum of December 16, 1994, requesting our opinion on whether private and public sector filers of information returns may match the name and Taxpayer Identification Numbers (TINs) of their payees against those contained in our data base under the authority of either § 3406, § 6050M, or other section of the Internal Revenue Code. If the Service lacks the authority under the Code, you ask for advice on how you may, nonetheless, implement your batch matching program. Based upon your memorandum, we understand that the filers wish to match their complete data base, i.e., both pre-existing as well as any newly opened accounts.

Section 6103 prohibits the disclosure of return information (a payee's name and TIN constitute return information) except as specifically authorized under § 6103. Section 6103 permits disclosure of this return information if authorized under § 3406.

Section 3406(a)(1)(B), to implement backup withholding when a name and TIN combination appear incorrect, permits the Service to inform a filer that a return it filed contained an incorrect name and TIN combination for a payee. Thus, § 3406(a)(1)(B) contemplates the disclosure of TIN information after the filing of a return, not before, as envisioned under your proposed batch matching program.

Section 3406(i) provides authority for the Secretary to prescribe regulations as may be necessary or appropriate to carry out the purposes of the backup withholding provisions. At your office's request, under the authority of § 3406(i), the Service issued § 35a.3406-3 to provide for a TIN matching program which, upon request by a payor, would allow the Service in prescribed circumstances to notify the payor that a TIN does not match the Service's records. This permits the payor to attempt to obtain a correct TIN before the filing of the related information return.

Mr. Ronald S. Rhodes



CC:  
Mike Frosch, CC:EL