



TaxNewsFlash

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IRS revises EIN application process

The IRS today announced that effective May 13, 2019, only individuals with tax identification numbers may request an Employer Identification Number (EIN) as the “responsible party” on the application. An EIN is a nine-digit tax identification number assigned to sole proprietors, corporations, partnerships, estates, trusts, employee retirement plans and other entities for tax filing and reporting purposes.

As noted in today’s release—[IR-2019-58](#) (March 27, 2019)—entities will not be able to use their own EINs to obtain additional EINs. The new requirement will apply to both the paper Form SS-4, *Application for Employer Identification Number*, and online EIN application. By making this announcement weeks in advance, the IRS anticipates entities and their representatives will have time to identify the proper responsible official to comply with the new policy.

There is no change for tax professionals who may act as third-party designees for entities and complete the paper or online applications on behalf of clients.

The new requirement is intended to provide greater security to the EIN process by requiring an individual to be the responsible party and improve transparency. If there are changes to the responsible party, the entity can change the responsible official designation by completing Form 8822-B, *Change of Address or Responsible Party*. Form 8822-B must be filed within 60 days of a change.

Background

Individuals named as a responsible party must have either a Social Security number (SSN) or an individual taxpayer identification number (ITIN). The Form SS-4 Instructions provide a detailed explanation of who is the responsible party for various types of entities. Generally, the responsible party is the person who ultimately owns or controls the entity or who exercises ultimate effective control over the entity. In situations when more than one person meets that definition, the entity may decide which individual will be the responsible party. Governmental entities (federal, state, local and tribal) are exempt from the responsible party requirement.

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