

IRS Revises EIN Application Process

Cross References

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The IRS has announced that starting May 13 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.

The change will prohibit entities from using their own EINs to obtain additional EINs. The requirement will apply to both the paper Form SS-4, *Application for Employer Identification Number*, and online EIN application.

Individuals named as responsible party must have either a Social Security number (SSN) or an individual taxpayer identification number (ITIN). By making the announcement weeks in advance, entities and their representatives will have time to identify the proper responsible official and comply with the new policy.

The Form SS-4 Instructions provide a detailed explanation of who should be 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 cases where more than one person meets that definition, the entity may decide which individual should be the responsible party.

Only governmental entities (federal, state, local and tribal) are exempt from the responsible party requirement as well as the military, including state national guards.

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 will 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*. A Form 8822-B must be filed within 60 days of a change.