

Change in Obtaining EIN

IRS has announced it is making a change in who can complete an application for an EIN.

First it is important to note – 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. Therefore, this change is mainly something you may want to share with clients or potential clients who are going to apply for their own EIN.

For all other applications for EIN, beginning May 13, 2019, only individuals can apply for an EIN as the “responsible party” on the application. This is part of IRS’ ongoing security review and will provide greater security to the EIN process and improve transparency.

The individuals who are acting as responsible parties must have either a Social Security number (SSN) or an Individual Taxpayer Identification Number (ITIN). Generally, this individual 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 this definition, the entity may decide which individual should be the responsible party.

This change basically prohibits an entity from using their own EIN to obtain additional EINs. This change applies to both paper applications on Form SS-4 as well as applications made through the IRS’ online EIN application.

The entity can later change the responsible party’s designation by completing Form 8822-B, Change of Address or Responsible Party.

Again, this change does NOT affect tax professionals who are acting as third-party designees on behalf of their clients.

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