Introduction

Employer Identification Numbers ("EIN") are government-generated numerical codes that correspond to a business entity's federal taxation account. An EIN is an entity's necessary identifier for most government interactions, including federal tax returns and state agency registrations. After the formation of an entity, an EIN is likely required and should be obtained by the responsible party or officer of the business.

What is an EIN?

EINs are a type of Taxpayer Identification Number ("TIN"). The U.S. federal government incorporates a system of unique numerical identifications, TINs, to track persons and entities for tax liability purposes. Persons and entities must use their TIN codes on all tax forms, including statements and returns. Additionally, some organizations require TINs for entities to participate in certain programs, such as online e-filing of state tax services and business bank accounts.

There are several different types of TINs, each applying to specific types of taxpayers. For most U.S. citizens, a social security number ("SSN") is their TIN needed for filing individual tax returns. The Social Security Administration issues SSNs to individuals. On the other hand, business entities and some estates or trusts that have reportable income need EINs. The Internal Revenue Service ("IRS") issues EINs, as well as all other TINs, including Individual Taxpayer Identification Numbers, Taxpayer Identification Numbers for Pending U.S. Adoptions, and Preparer Taxpayer Identification Numbers. EINs are each nine digits, formatted as XX-XXXXXXXX.

Who needs an EIN?

EINs are required by law for many entities and circumstances. All businesses with employees must acquire an EIN. Any corporation or partnership needs an EIN. Entities that file...
employment, alcohol/tobacco/firearms, or excise tax returns must also obtain an EIN. Additionally, irrevocable trusts, non-profit organizations, estates, farmers' cooperatives, and entities utilizing Keogh plans (retirement plans available to some businesses and self-employed individuals) must all obtain an EIN. But, even after it acquires an EIN, an entity might need a new number on the occurrence of certain events, such as a change in partnership ownership or corporate charter, a conversion to a different entity type, or even the bankruptcy of a sole proprietor.

### HOW TO OBTAIN AN EIN

Acquiring an EIN requires a simple application process with the IRS. Individuals can submit the application over the phone, through the mail, via fax, or online. Federal form SS-4 (“Application For Employer Identification Number”) illustrates the extent of the information requested through the application process. Regardless of method, applicants must provide the name, address, and type of the entity, as well as other basic descriptions, such as the reason for applying and the principal activity/products of the business. In addition, an application must include the TIN of the entity's responsible party, such as the SSN of the principal officer, grantor of a trust, general partner, owner or other person controlling the business finances. Typically, persons with only limited authority over an entity are not such responsible parties.

Once submitted, the IRS must process and validate the application before issuing an EIN. The time-frame for issuance can be almost immediate (online or phone) or as long as four to five weeks (by mail). Accordingly, online applications are currently the preferred method. Finally, no fee is necessary to obtain an EIN.

### CONCLUSION

EINs are crucial for satisfying tax liabilities and entity identification with governments and other organizations. Accordingly, business entities, especially those with employees, should obtain an EIN immediately upon formation. The business' principal officer or similarly responsible party should complete this application online to most expeditiously receive the EIN.

### SEE ALSO

IRS website (www.irs.gov)

IRS EIN online application: (https://sa2.www4.irs.gov/modiein/individual/index.jsp)

IRS Apply by phone: (800) 829-4933, M-F, 7:00 AM – 10:00 PM

IRS Apply by fax (SS-4 form):

- Internal Revenue Service
- Attn: EIN Operation
- Cincinnati, OH 45999
- Fax-TIN: (859) 669-5760

IRS Form SS-4 Attached.