

[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 301

[TD 9675]

RIN 1545-BJ16

IRS Truncated Taxpayer Identification Numbers

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations regarding an IRS truncated taxpayer identification number, or a TTIN. Where not prohibited by the Internal Revenue Code, applicable regulations, other guidance published in the Internal Revenue Bulletin, forms, or instructions, these regulations allow use of a TTIN in lieu of a taxpayer's social security number (SSN), IRS individual taxpayer identification number (ITIN), IRS adoption taxpayer identification number (ATIN), or employer identification number (EIN) on payee statements and certain other documents. The TTIN displays only the last four digits of a taxpayer identifying number; either asterisks (*) or Xs replace the first five digits of the identifying number. These regulations affect persons that furnish or receive payee statements and other documents that the Internal Revenue Code, regulations, or other published guidance requires to be furnished to another person to the extent that a TTIN may appear in lieu of the SSN, ITIN, ATIN, or EIN of the payee or document recipient.

DATES: Effective Date: These regulations are effective on **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

Applicability Date: For dates of applicability see §§1.6042-4(g), 1.6043-4(i), 1.6044-5(d), 1.6045-2(i), 1.6045-3(g), 1.6045-4(s), 1.6045-5(h), 1.6049-6(e)(5), 1.6050A-1(e), 1.6050E-1(m), 1.6050N-1(e), 1.6050P-1(h), 1.6050S-1(f), 1.6050S-3(g), and 301.6109-4(c).

FOR FURTHER INFORMATION CONTACT: Jacqueline K. Queener, (202) 317-6844 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document amends the Income Tax Regulations (26 CFR part 1) and the Procedure and Administration Regulations (26 CFR part 301) to authorize filers of information returns to truncate a payee's or other person's nine-digit identifying number on payee statements and certain other documents. The goal of these amendments is to reduce the risk of identity theft that may stem from the inclusion of a taxpayer's entire identifying number on a payee statement or other document.

Concerned about the risks of identity theft, including its effect on tax administration, the IRS established a pilot program allowing filers of information returns who met certain requirements to truncate an individual payee's identifying number on paper payee statements (Forms 1098, 1099, and 5498) for calendar years 2009 and 2010. See Notice 2009-93, 2009-51 IRB 863. The IRS subsequently extended the pilot program for payee statements for calendar years 2011 and 2012, and modified the

program by removing the Form 1098-C from the list of eligible documents on which a TTIN can be used because it is an acknowledgement under section 170(f)(12) rather than a payee statement. See Notice 2011-38, 2011-20 IRB 784.

On January 7, 2013, the Treasury Department and the IRS published a notice of proposed rulemaking (REG-148873-09) in the **Federal Register**, 78 FR 913, establishing an IRS truncated taxpayer identification number, a TTIN, and setting forth guidelines for its use. The scope of the proposed regulations mirrored that of the pilot project as reflected in Notice 2011-38 with one exception made in conformance with comments received in response to the pilot program: The proposed regulations permitted use of a TTIN on electronic payee statements in addition to paper payee statements. A public hearing was scheduled for March 12, 2013. One request to testify at the public hearing was received but later withdrawn, and the public hearing was cancelled. Eleven written comments responding to the NPRM were received and are available for public inspection at <http://www.regulations.gov> or upon request. After consideration of all the comments, the proposed regulations are adopted as amended by this Treasury decision. The amendments are discussed in the next section.

Summary of Comments and Explanation of Revisions

While comments received in response to the NPRM overwhelmingly supported the proposed regulations, one commenter recommended against finalizing the proposed regulations because he failed to see the benefit of a TTIN and believed issuance of a TTIN would use funds for a structure that already exists. As defined in §301.6109-4(a) of the proposed regulations, a TTIN is simply a method for partially masking taxpayer

identifying numbers that already exist. Use of a TTIN does not require issuance of a new number and no funds will be expended for that purpose. The Treasury Department and the IRS believe that the truncation of TINs will reduce the risk of identity theft. Therefore, the final regulations do not adopt this recommendation.

Almost all commenters recommended allowing use of a TTIN in place of an EIN. Some commenters stated that, due to technical constraints or incomplete data records, many filers could not segregate payees with EINs from payees with individual taxpayer identifying numbers (SSNs, ITINs, and ATINs) that could be truncated under the proposed regulations. Therefore, these filers were not able to use TTINs at all. Other commenters stated that small businesses and closely-held entities have the same privacy concerns that individuals have, and should be granted the same benefits in protecting their identifying information. In light of these comments, the Treasury Department and the IRS believe that allowing truncated EINs will encourage filers to use TTINs for all payees and will further reduce risk of identity theft. Accordingly, §301.6109-4 of the final regulations permits truncation of EINs.

Most commenters recommended expanding the authorization to use a TTIN on more documents than just payee statements in the Forms 1098, 1099, and 5498 series. Commenters specifically recommended that the IRS consider allowing a TTIN to be used on a grantor trust letter as required by §1.671-4(b); a widely held fixed investment trust (WHFIT) statement as required by §1.671-5(e); a copy of a Schedule K-1 issued to a partner, shareholder, or beneficiary under section 6012(a)(4), 6031(a)-(b), 6034A, or

6037(b); any Form 1097 series return; a Form 2439 “Notice to Shareholder of Undistributed Long-Term Capital Gains”; or any other payee statement.

Under the proposed regulations, use of a TTIN was permitted only if affirmatively authorized by the IRS. Commenters expressed concern that allowing TTINs to be used only when authorized unduly limits the documents on which TTINs may be used, which in turn reduces the effect of using TTINs to help combat identity theft. Continued use of this approach would impose an administrative burden on IRS to keep updated the list of documents on which TTINs are permitted. The commenters suggested that allowing TTINs to be used unless prohibited would address these concerns. The Treasury Department and the IRS agree that TTINs should be permitted on most documents that the internal revenue laws require to be provided to payees and other persons. Accordingly, the final regulations permit use of a TTIN on any federal tax-related payee statement or other document required to be furnished to another person unless prohibited by the Internal Revenue Code, regulations, other guidance published in the Internal Revenue Bulletin, forms, or instructions.

Under this modified approach, there is no need to amend every information reporting regulation to permit the use of a TTIN. However, it may be unclear whether language in certain regulations could be interpreted as requiring use of an unmasked SSN, ITIN, ATIN, or EIN, thereby prohibiting use of a TTIN. Accordingly, to avoid confusion, the final regulations retain the provisions in the proposed regulations that amend specific information reporting regulations that contained language that could be interpreted as specifically requiring use of an unmasked SSN, ITIN, ATIN, or EIN.

One commenter recommended allowing use of TTINs on Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipts of Certain Foreign Gifts, and Form 3520A, Annual Information Return of Foreign Trust With a U.S. Owner (Under Section 6048(b)). Taxpayer identifying numbers on returns and statements filed with the IRS are necessary for the IRS to determine compliance with the tax laws and to validate the information provided. Therefore, the final regulations retain the rule in the proposed regulations that TTINs may not be used on a return filed with the IRS. Accordingly, because Forms 3520 and 3520A are returns required to be filed with the IRS this recommendation is not adopted.

Consistent with the approach adopted in the final regulations, the regulations were revised to list the circumstances where use of a TTIN is not permitted. Under §301.6109-4(b)(2), a TTIN may not be used (1) where prohibited by statute, regulation, other guidance published in the Internal Revenue Bulletin, form, or instructions; (2) where a statute, regulation, other guidance published in the Internal Revenue Bulletin, form, or instructions, specifically requires use of an SSN, ITIN, ATIN, or EIN; or (3) on any return or statement required to be filed with, or furnished to, the IRS. Further, a person may not truncate its own taxpayer identification number on any tax form, statement, or other document that person furnishes to another person. For example, an employer cannot use a TTIN in place of its EIN on a Form W-2, Wage and Tax Statement, that the employer furnishes to an employee; and a person may not use a TTIN in place of its TIN on a Form W-9, Request for Taxpayer Identification Number and Certification.

An example was added to §301.6109-4 of the regulations to illustrate the operation of the revised rule. In addition, because use of a TIN is not limited by type of form, the definitions set forth in §301.6109-4(b) of the proposed regulations are no longer necessary and have been deleted from the final regulations.

Because a TIN is a permissible method of displaying the taxpayer identifying number, use of a TIN when permitted by §301.6109-4 of the final regulations satisfies the requirement to include a taxpayer identifying number on a document or statement. To eliminate any potential confusion, §301.6109-4(b) of the final regulations is amended to state that use of a TIN as permitted in these regulations will not result in application of any penalty (e.g., a penalty under section 6722 for failure to timely furnish a correct statement) for failure to include a taxpayer identifying number on any payee statement or other document.

Section 301.6109-4 of the final regulations is effective **[INSERT DATE OF PUBLICATION OF THIS REGULATION IN THE FEDERAL REGISTER]**. The amendments to the specific information reporting regulations are generally effective for payee statements due after December 31, 2014. As stated in the proposed TIN regulations, taxpayers were allowed to rely on the rules in the proposed regulations prior to publication of these final regulations. Finally, modifications have been made to the effective date sections of some of these information reporting regulations to remove outdated references.

Special Analyses

It has been determined that these regulations are not a significant regulatory action as defined in Executive Order 12866, as supplemented by Executive Order 13563. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and, because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, the notice of proposed rulemaking that preceded these final regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business, and no comments were received.

Drafting Information

The principal author of the final regulations is Jacqueline Queener, Office of the Associate Chief Counsel (Procedure and Administration).

List of Subjects

26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

26 CFR Part 301

Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 301 are amended as follows:

PART 1--INCOME TAXES

Paragraph 1. The general authority citation for part 1 continues to read as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.6042-4 is amended by revising paragraphs (b) and (g) to read as follows:

§1.6042-4 Statements to recipients of dividend payments.

* * * * *

(b) Form and content of the statement. The statement required by paragraph (a) of this section must be either the official Form 1099 prescribed by the Internal Revenue Service for the respective calendar year or an acceptable substitute statement that contains provisions that are substantially similar to those of the official Form 1099 for the respective calendar year. For further guidance on how to prepare an acceptable substitute statement, see Rev. Proc. 2012-38, 2012-48 IRB 575, also published as Publication 1179, "General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns," or any successor guidance. An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number of the recipient. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

* * * * *

(g) Effective/applicability date. This section is effective for payee statements due after December 31, 1995, without regard to extensions. The amendments to paragraph

(b) are effective for payee statements due after December 31, 2014. For payee statements due before January 1, 2015, §1.6042-4(b) (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 3. Section 1.6043-4 is amended by:

1. Adding two new sentences to the end of paragraph (b)(4).
2. Revising the heading and adding two new sentences to the end of paragraph (i).

The revision and additions read as follows:

§1.6043-4 Information returns relating to certain acquisitions of control and changes in capital structure.

* * * * *

(b) * * *

(4) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number of the shareholder in lieu of the identifying number appearing on the Form 1099-CAP filed with the Internal Revenue Service. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

* * * * *

(i) Effective/applicability date. * * * The amendments to paragraph (b)(4) are effective for any Form 1099-CAP required to be furnished after December 31, 2014. For any Form 1099-CAP required to be furnished before January 1, 2015, §1.6043-4(b) (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 4. Section 1.6044-5 is amended by:

1. Adding two new sentences to the end of paragraph (b).
2. Revising paragraph (d).

The addition and revision read as follows:

§1.6044-5 Statements to recipients of patronage dividends.

* * * * *

(b) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number of the recipient in lieu of the identifying number appearing on the corresponding information return filed with the Internal Revenue Service. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

* * * * *

(d) Effective/applicability date. This section is effective for payee statements due after December 31, 1995, without regard to extensions. The amendments to paragraph (b) are effective for payee statements due after December 31, 2014. For payee statements due before January 1, 2015, §1.6044-5(b) (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 5. Section 1.6045-2 is amended by:

1. Adding two new sentences to the end of paragraph (c).
2. Revising the heading and adding two new sentences after the first sentence of paragraph (i).

The revision and additions read as follows:

§1.6045-2 Furnishing statement required with respect to certain substitute payments.

* * * * *

(c) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number of the customer in lieu of the identifying number appearing on the information return filed with the Internal Revenue Service. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

* * * * *

(i) Effective/applicability date. * * * The amendments to paragraph (c) apply to payee statements due after December 31, 2014. For payee statements due before January 1, 2015, §1.6045-2(c) (as contained in 26 CFR part 1, revised April 2013) shall apply. * * *

Par. 6. Section 1.6045-3 is amended by:

1. Adding two new sentences to the end of paragraph (e)(1).
2. Revising the heading and adding two new sentences to the end of paragraph (g).

The revision and additions read as follows:

§1.6045-3 Information reporting for an acquisition of control or a substantial change in capital structure.

* * * * *

(e) * * *

(1) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number of the customer. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

* * * * *

(g) Effective/applicability date. * * * The amendments to paragraph (e)(1) apply to payee statements due after December 31, 2014. For payee statements due before January 1, 2015, §1.6045-3(e)(1) (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 7. Section 1.6045-4 is amended by:

1. Revising paragraph (m)(1).
2. Adding two new sentences to the end of paragraph (s).

The revision and addition read as follows:

§1.6045-4 Information reporting on real estate transactions with dates of closing on or after January 1, 1991.

* * * * *

(m) * * *

(1)(i) Requirement of furnishing statements. A reporting person who is required to make a return of information under paragraph (a) of this section shall furnish to the transferor whose TIN is required to be shown on the return a written statement of the information required to be shown on such return. The written statement must bear either the legend shown on the recipient copy of Form 1099 or the following: “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on

you if this item is required to be reported and the IRS determines that it has not been reported.”

(ii) This requirement may be satisfied by furnishing to the transferor a copy of a completed Form 1099 (or substitute Form 1099 that complies with current revenue procedures). An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number of the transferor in lieu of the identifying number appearing on the information return filed with the Internal Revenue Service. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

(iii) In the case of a real estate transaction for which a Uniform Settlement Statement is used, this requirement also may be satisfied by furnishing to the transferor a copy of a completed statement that is modified to comply with the requirements of this paragraph (m), and by designating on the Uniform Settlement Statement the items of information (such as gross proceeds or allocated gross proceeds) required to be set forth on the Form 1099. For purposes of this paragraph (m), a statement shall be considered furnished to a transferor if it is given to the transferor in person, either at the closing or thereafter, or is mailed to the transferor at the transferor's last known address.

* * * * *

(s) * * * The amendments to paragraph (m)(1) apply to payee statements due after December 31, 2014. For payee statements due before January 1, 2015, §1.6045-4(m)(1) (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 8. Section 1.6045-5 is amended by:

1. Adding two new sentences before the last sentence of paragraph (a)(3)(i).
2. Revising the heading and adding two new sentences to the end of paragraph (h).

The revision and additions read as follows:

§1.6045-5 Information reporting on payments to attorneys.

(a) * * *

(3) * * *

(i) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number of the attorney in lieu of the identifying number appearing on the information return filed with the Internal Revenue Service. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations). * * *

* * * * *

(h) Effective/applicability date. * * * The amendments to paragraph (a)(3)(i) apply to payee statements due after December 31, 2014. For payee statements due before January 1, 2015, §1.6045-5(a)(3)(i) (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 9. Section 1.6049-6 is amended by:

1. Adding paragraph (b)(3).
2. Adding a new sentence at the beginning of paragraph (e)(5).

The additions read as follows:

§1.6049-6 Statements to recipients of interest payments and holders of obligations for attributed original issue discount.

* * * * *

(b) * * *

(3) With respect to both statements to persons receiving payments of interest and persons holding obligations, the statement shall include the name, address, and taxpayer identifying number of such person. An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number for the person. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

* * * * *

(e) * * *

(5) Effective/applicability date. Paragraph (b)(3) applies to payee statements due after December 31, 2014. * * *

Par. 10. Section 1.6050A-1 is amended by:

1. Adding two new sentences to the end of paragraph (c)(1).
2. Adding paragraph (e).

The additions read as follows:

§1.6050A-1 Reporting requirements of certain fishing boat operators.

* * * * *

(c) * * *

(1) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number for the individual in lieu of the identifying number appearing on the information return filed with the Internal Revenue Service. For provisions relating to the

use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

* * * * *

(e) Effective/applicability date. The rules in this section apply to information returns and payee statements due after December 31, 2014. For rules applicable for information returns and payee statements due before January 1, 2015, §1.6050A-1(c)(1) (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 11. Section 1.6050E-1 is amended by:

1. Adding two new sentences to the end of paragraph (k)(1).
2. Revising the heading and adding two new sentences to the end of paragraph (m).

The revision and additions read as follows:

§1.6050E-1 Reporting of State and local income tax refunds.

* * * * *

(k) * * *

(1) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number of the individual in lieu of the identifying number appearing on the information return filed with the Internal Revenue Service. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

* * * * *

(m) Effective/applicability date. * * * The amendments to paragraph (k)(1) apply to payee statements due after December 31, 2014. For payee statements due before January 1, 2015, §1.6050E-5(k)(1) (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 12. Section 1.6050N-1 is amended by:

1. Adding two new sentences to the end of paragraph (b).
2. Revising paragraph (e).

The addition and revision read as follows:

§1.6050N-1 Statements to recipients of royalties paid after December 31, 1986.

* * * * *

(b) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the identifying number of the recipient. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

* * * * *

(e) Effective/applicability date. This section applies to payee statements due after December 31, 2014, without regard to extensions. For payee statements due before January 1, 2015, §1.6050N-1 (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 13. Section 1.6050P-1 is amended by:

1. Removing “section;” from paragraph (f)(1)(i) and adding “section.” in its place.
2. Adding two new sentences to the end of paragraph (f)(1)(i).
3. Revising paragraph (h).

The addition and revisions read as follows:

§1.6050P-1 Information reporting for discharges of indebtedness by certain entities.

* * * * *

(f) * * *

(1) * * *

(i) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the TIN of the person for whom there was an identifiable event in lieu of the identifying number appearing on the information return filed with the Internal Revenue Service. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations);

* * * * *

(h) Effective/applicability date. This section applies to discharges of indebtedness after December 31, 2013. For discharges of indebtedness before January 1, 2014, §1.6050P-1 (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 14. Section 1.6050S-1 is amended by:

1. Removing “section;” from paragraph (c)(1)(i) and adding “section.” in its place.
2. Adding two new sentences to the end of paragraph (c)(1)(i).
3. Revising the heading and adding two new sentences to the end of paragraph

(f).

The revision and additions read as follows:

§1.6050S-1 Information reporting for qualified tuition and related expenses.

* * * * *

(c) * * *

(1) * * *

(i) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the TIN of the individual in lieu of the identifying number appearing on the information return filed with the Internal Revenue Service. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations);

* * * * *

(f) Effective/applicability date. * * * Paragraph (c)(1)(i) applies to payee statements due after December 31, 2014. For payee statements due before January 1, 2015, §1.6050S-1 (as contained in 26 CFR part 1, revised April 2013) shall apply.

Par. 15. Section 1.6050S-3 is amended by:

1. Removing “section;” from paragraph (d)(1)(i) and adding “section.” in its place.
2. Adding two new sentences to the end of paragraph (d)(1)(i).
3. Revising paragraph (g).

The addition and revisions read as follows:

§1.6050S-3 Information reporting for payments of interest on qualified education loans.

* * * * *

(d) * * *

(1) * * *

(i) * * * An IRS truncated taxpayer identifying number (TTIN) may be used as the TIN of the payor in lieu of the identifying number appearing on the information return filed with the Internal Revenue Service. For provisions relating to the use of TTINs, see §301.6109-4 of this chapter (Procedure and Administration Regulations).

* * * * *

(g) Effective/applicability date. The rules of this section apply to information returns required to be filed, and payee statements required to be furnished after December 31, 2014. For information returns required to be filed, and payee statements required to be furnished before January 1, 2015, §1.6050S-3 (as contained in 26 CFR part 1, revised April 2013) shall apply.

PART 301--PROCEDURE AND ADMINISTRATION

Par. 16. The authority citation for part 301 continues to read as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 17. Section 301.6109-4 is added to read as follows:

§301.6109-4 IRS truncated taxpayer identification numbers.

(a) In general-- Definition. An IRS truncated taxpayer identification number (TTIN) is an individual's social security number (SSN), IRS individual taxpayer identification number (ITIN), IRS adoption taxpayer identification number (ATIN), or IRS employer identification number (EIN) in which the first five digits of the nine-digit number are replaced with Xs or asterisks. The TTIN takes the same format of the identifying number it replaces, for example XXX-XX-1234 when replacing an SSN, or XX-XXX1234 when replacing an EIN.

(b) Use of a TTIN. (1) In general. Except as provided in paragraph (b)(2) of this section, a TTIN may be used to identify any person on any statement or other document that the internal revenue laws require to be furnished to another person. Use of a TTIN is permissive and not mandatory. Use of a TTIN as permitted by this section will not result in application of any penalty for failure to include a correct taxpayer identifying number on any payee statement or other document. For example, the section 6722 penalty for failure to timely furnish a correct statement would not apply solely because the payor used a TTIN as permitted by this section.

(2) TTIN not permitted. Use of a TTIN is not permitted in the following circumstances:

- (i) A TTIN may not be used on a statement or other document if such use is prohibited by statute, regulation, other guidance published in the Internal Revenue Bulletin, form, or instructions.
- (ii) A TTIN may not be used on a statement or document if a statute, regulation, other guidance published in the Internal Revenue Bulletin, form, or instructions, specifically requires use of a SSN, ITIN, ATIN, or EIN. For example, a TTIN may not be used on a Form W-8ECI or Form W-8IMY because the forms and/or form instructions specifically prescribe use of an SSN, EIN, or ITIN for the U.S. taxpayer identification number.

- (iii) A TTIN may not be used on any return, statement, or other document that is required to be filed with or furnished to the Internal Revenue Service.
- (iv) A person may not truncate its own taxpayer identifying number on any statement or other document that it furnishes to another person. For example, an employer may not truncate its EIN on a Form W-2, Wage and Tax Statement, that the employer furnishes to an employee; and a person may not truncate its TIN on a Form W-9, Request for Taxpayer Identification Number and Certification.

(3) Example. The provisions of paragraph (a) are illustrated by the following

example:

Example. On April 5, year 1, Donor contributes a used car with a blue book value of \$1100 to Charitable Organization. On April 20, year 1, Charitable Organization sends Donor copies B and C of the Form 1098-C as a contemporaneous written acknowledgement of the \$1100 contribution as required by section 170(f)(12). In late-February, year 2, Charitable Organization prepares and files copy A of Form 1098-C with the IRS, reporting Donor's donation of a qualified vehicle in year 1. The Charitable Organization may use a TTIN in lieu of Donor's complete SSN in the Donor's Identification Number box on copies B and C of the Form 1098-C because copies B and C of the Form 1098-C are documents required by the Internal Revenue Code and regulations to be furnished to another person, there are no applicable statutes, regulations, other published guidance, forms or instructions, that prohibit the use of a TTIN on those copies, and, there are no applicable statutes, regulations, other published guidance, forms, or instructions that specifically require use of an SSN or other identifying number on those copies. A TTIN cannot be used on copy A of the Form 1098-C, however, because copy A is required to be filed with the IRS.

(c) Effective/applicability date. This section applies on and after **[INSERT DATE OF PUBLICATION OF THIS REGULATION IN THE FEDERAL REGISTER]**.

John Dalrymple

Deputy Commissioner for Services and Enforcement.

Approved: May 30, 2014

Mark J. Mazur

Assistant Secretary of the Treasury (Tax Policy).

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