

## Part IV - Items of General Interest

Taxpayer Identification Number ("TIN") Matching Program Is Available to Persons Required to Make Returns under New Section 6050W of the Internal Revenue Code.

### Announcement 2009-6

The Housing Assistance Tax Act of 2008, Div. C of Pub. L. No. 110-289, 122 Stat. 2653 (the "Act"), enacted on July 30, 2008, added section 6050W to the Internal Revenue Code. This new section requires information returns to be made for each calendar year by merchant acquiring entities and third party settlement organizations with respect to payment card transactions and third party payment network transactions occurring in that calendar year. This requirement to make information returns applies to returns for calendar years beginning after December 31, 2010.

Section 3406(a)(1) requires certain payors to perform backup withholding by deducting and withholding income tax from a reportable payment if the payee fails to furnish the payee's taxpayer identification number ("TIN") to the payor on a required return, or if the Secretary notifies the payor that the TIN furnished by the payee is incorrect. The Act amended section 3406(b)(3) by expanding the meaning of "other reportable payments" that are subject to backup withholding to include payments that are required to be shown on an information return under section 6050W. Backup withholding for amounts reportable under section 6050W applies to amounts paid after

December 31, 2011. The Act also amended section 6724(d) by adding returns required by section 6050W to the definition of information returns for purposes of penalties for failure to comply with certain information reporting requirements.

The Act further provides that, solely for purposes of carrying out TIN matching under section 3406, section 6050W is effective on the date of enactment, July 30, 2008. The TIN matching program described in Rev. Proc. 2003-9, 2003-1 C.B. 516, permits program participants to verify the payee TINs required to be reported on information returns and payee statements. Prior to making an information return, a participant may check the TIN furnished by the payee against the name/TIN combination contained in the IRS's database maintained for the program, and the IRS will inform the participant whether or not the name/TIN combination furnished by the payee matches a name/TIN combination in the database. The matching information provided to participants will help avoid TIN errors and reduce the number of backup withholding notices required under section 3406(a)(1)(B) of the Code. A verified TIN/name match will also provide participants with reasonable cause relief from penalties under section 6724(a).

Accordingly, persons who will be required to make returns under section 6050W may now match TINs under the procedures established by Rev. Proc. 2003-9.

The principal author of this announcement is Barbara M. Pettoni of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this announcement, please contact Barbara M. Pettoni at (202) 622-4910 (not a toll-free call). For technical information about, or problems with, the TIN matching program, please call 1-866-255-0654.