

combination issued under § 31.3406(d)-5(c) of the Employment Tax Regulations for backup withholding purposes under section 3406(a)(1)(B) of the Internal Revenue Code.

## SECTION 2. BACKGROUND

.01 Section 3406(a)(1) provides that backup withholding applies when a reportable payment is made to an account if either:

(1) the payor has not received the payee's TIN at the time of the payment, or

(2) the TIN furnished by the payee to the payor has been determined to be incorrect and the payee has not furnished the correct TIN in a timely manner.

.02 Section 31.3406(j)-1(a) provides that the Commissioner has the authority to establish TIN matching programs and may prescribe by revenue procedure or other guidance the terms and conditions for participating in such a program.

.03 Section 31.3406(j)-1(b) provides that no matching details received by a payor through a TIN matching program will constitute a notice regarding an incorrect name/TIN combination under § 31.3406(d)-5(c).

.04 Section 31.3406(j)-1(c) provides that § 3406(f), relating to confidentiality of information, applies to any matching details received by a payor through a TIN matching program. A payor may not take into account any such matching details in determining whether to open or close an account with a payee.

## SECTION 3. DEFINITIONS

.01 The term "agency" means a federal agency that files information returns reflecting reportable payments made by that agency.

.02 The term "participant" means an agency that has been accepted to participate in the Program.

.03 The term "payee" means a person with respect to whom a reportable payment (as defined in § 3406(b)(1)) has been made or is likely to be made by an agency.

.04 The term "account" means any account, instrument, or other relationship with a payee (such as a contract) with respect to which an agency has made or is likely to make a reportable payment. *See* § 31.3406(j)-1(e).

.05 For purposes of this revenue procedure, the term "TIN" means the Tax-

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26 CFR 601.602: Tax forms and instructions.  
(Also Part I, Section 3406; 31.3406(d)-5.)

### Rev. Proc. 97-31

## SECTION 1. PURPOSE

This revenue procedure sets forth procedures for the Federal Agency TIN Matching Program (Program). Under the Program, a participating federal agency may, prior to filing an information return with respect to a payee, submit to the Internal Revenue Service the Taxpayer Identification Number (TIN) furnished by the payee. The Service then will inform the agency whether or not the name/TIN combination furnished by the payee matches a name/TIN combination maintained by the Service in the data base utilized for the Program. The Program is intended to reduce the number of notices of an incorrect name/TIN

payer Identification Number of a payee that is either an Employer Identification Number (EIN), a Social Security Number (SSN), or an IRS Individual Taxpayer Identification Number (ITIN).

#### **SECTION 4. SCOPE**

This revenue procedure applies only to agencies that have applied and been accepted to participate in the Program under section 5 of this revenue procedure. Agencies may submit data only after being accepted as participants in the Program. Further, participants may submit name/TIN data only with respect to account payments made on or after January 1, 1997. Publication 2108, Specifications for Federal Agencies, TIN Matching Program, contains the format and processing specifications for transmitting the name/TIN data and the procedures for operation of the Program. The Program does not permit online or other direct access by a participant to Service or Social Security Administration databases.

#### **SECTION 5. APPLICATION AND ACCEPTANCE**

.01 *Memorandum of Understanding.* To apply to participate in the Program, an agency must submit two completed copies of the form Memorandum of Understanding (MOU), as provided in Publication 2108, setting forth its understanding of, and agreement to comply with, the requirements of section 6 of

this revenue procedure. The completed MOU must include the name of the agency and the name, address, and telephone number of a contact person. The MOU must be signed by a duly authorized representative of the agency.

.02 *Address for submitting MOU.* The completed copies of the MOU must be submitted by the agency to:

Internal Revenue Service  
Office of Payer Compliance  
CP:EX:ST:PC  
1111 Constitution Ave., NW  
Washington, DC 20224

.03 *Acceptance.* If an agency is accepted to participate in the Program, the Service will return one signed copy of the MOU to the agency and assign the agency a Transmitter Control Code (TCC). Upon receipt of the accepted MOU, the agency may begin submitting name/TIN data in accordance with the instructions in Publication 2108 and the MOU.

#### **SECTION 6. REQUIREMENTS FOR PARTICIPATION**

Participants in the Program must:

.01 comply with all requirements of this revenue procedure, Publication 2108, and the MOU;

.02 transmit for matching only name/TIN combinations relating to accounts (as defined in section 3.04 of this revenue procedure) with respect to which a reportable payment is made, or likely to be made, on or after January 1, 1997;

.03 transmit only name/TIN combinations that have not been previously transmitted for matching by that participant;

.04 use information obtained from the Program only for backup withholding purposes, and not disclose or use this information for any unauthorized or prohibited purpose. *See* § 3406(f);

.05 use only the TCC provided by the Service; and

.06 cooperate fully in providing to the Service necessary information so the Service can measure the effectiveness and correct use of the Program.

#### **SECTION 7. EFFECTIVE DATE**

The Service intends that the Program will be operational beginning on the later of July 1, 1997, or the date the necessary updates to the relevant systems of records are effective. However, the Service will accept an MOU from an agency wishing to participate in the Program and name/TIN data transmitted by a participant beginning on June 18, 1997.

#### **DRAFTING INFORMATION**

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