

**MEMO# 16025**

May 8, 2003

## **IRS ISSUES FINAL REGULATIONS ON BACKUP WITHHOLDING AFTER MULTIPLE NOTICES OF INCORRECT PAYEE "TIN"**

[16025] May 8, 2003 TO: BROKER/DEALER ADVISORY COMMITTEE No. 17-03 TAX MEMBERS No. 29-03 TRANSFER AGENT ADVISORY COMMITTEE No. 48-03 RE: IRS ISSUES FINAL REGULATIONS ON BACKUP WITHHOLDING AFTER MULTIPLE NOTICES OF INCORRECT PAYEE "TIN" The Internal Revenue Service ("IRS") has issued final regulations<sup>1</sup> simplifying the backup withholding obligations of payors by treating two or more incorrect taxpayer identification numbers ("TIN") notices with respect to the same payee's account for the same tax year as one notice, even if the payor receives such incorrect TIN notices in different calendar years. The final regulations also clarify that an information return filer need not resolicit a payee's TIN in response to a penalty notice, if the filer already has sent a required "B" notice to the payee for the same tax year. The final regulations are effective January 1, 2004, and adopt proposed regulations that were issued on July 3, 2002.<sup>2</sup> Catherine Barré Assistant Counsel Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 16025, or call the ICI Library at (202) 326-8304 and request the attachment for memo 16025. Attachment (in .pdf format) 1 The final regulations are available at <http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2003/pdf/03-10403.pdf> and are attached to the electronic version of this memorandum. 2 See, Institute Memoranda to Broker/Dealer Advisory Committee No. 18-02, Tax Members No. 28-02, and Transfer Agent Advisory Committee No. 50-02, dated July 9, 2002.