W-9 / TIN MISMATCH COMPLIANCE GUIDE

CLIENT REFERENCE GUIDE

About 1099FIRE

1099FIRE is an IRS-approved IRIS transmitter with validated TCC credentials. We provide end-to-end information return filing services so your organization can file through IRIS without needing to obtain your own TCC, build XML infrastructure, or manage the submission lifecycle in-house. Visit 1099fire.com to get started.

What to Do When a W-9 Doesn't Match IRS Records

If the IRS notifies you that a vendor's or contractor's name and Taxpayer Identification Number (TIN) on a Form W-9 don't match its records, you're legally required to take specific steps within set timeframes. This guide walks through what triggers a mismatch, what the IRS expects from you as the payer, and how to stay compliant and avoid backup withholding and penalties.

Step 1: Identify What Kind of Problem You Have

Not all TIN problems are the same, and the fix depends on which situation applies. Before doing anything else, determine which of these describes your situation:

1. No TIN was provided at all on the W-9.
2. The TIN is "obviously incorrect": meaning it has fewer than nine digits, more than nine digits, or contains a letter.
3. The IRS sent you a CP2100 or CP2100A notice stating that a name/TIN combination you reported doesn't match its records.

The first two situations require immediate action on your part as the payer, with no notice from the IRS needed. The third situation, a mismatch identified after filing, follows the formal "B Notice" process described below.

Step 2: Know When Backup Withholding Applies

Backup withholding is a flat 24% withholding rate that you, as the payer, are required to apply to future reportable payments when a TIN problem isn't resolved. It applies immediately, with no grace period, in two situations:

- The payee never furnished a TIN, or
- The TIN provided is obviously incorrect (wrong number of digits or contains a letter).

If the IRS has notified you of a name/TIN mismatch through a CP2100 or CP2100A notice and the payee does not respond with corrected information, you must send a B Notice to the payee within 15 business days of receiving the CP2100 or CP2100A, and begin backup withholding no later than 30 business days after sending that B Notice if the payee does not respond with corrected information.

Step 3: Respond to an IRS CP2100 / CP2100A Notice

If you receive a CP2100 (50 or more erroneous returns) or CP2100A (fewer than 50) from the IRS, it will include a listing of the specific payees whose name/TIN combinations didn't match. Here's the process to follow:

3a. Compare the IRS listing to your own records

- If your records agree with what you filed, the mismatch is likely on the payee's end; proceed to send a "B Notice" (see Step 4).
- If your records do NOT agree with what you filed, for example because of a data entry error, an outdated W-9, or a processing error on your side, simply correct your internal records. The IRS specifically advises against contacting them to report that you've fixed an internal error.

3b. Track your notice count for this payee

The IRS distinguishes between a first notice and a second notice for the same payee within a three-year period, because the required response is different for each:

Notice	Required Response
First B Notice	Send the payee a copy of the W-9 instructions along with a request to certify their correct name and TIN. A signed, corrected W-9 generally resolves a first notice.
Second B Notice	A new W-9 from the payee is not enough. The payee must independently validate their TIN with the SSA (for a Social Security Number) or obtain IRS confirmation (typically an IRS Letter 147C) for an EIN, and provide that validation to you directly.

Step 4: Send the Correct "B Notice" to the Payee

A "B Notice" is the formal letter you, as the payer, send to the payee informing them of the mismatch and what they must do to fix it. The two versions are described in IRS Publication 1281, and which one you send depends on whether it's the payee's first or second mismatch within a three-year period.

- Include a blank Form W-9 (or the relevant validation request) with your letter.
- Set a clear deadline for the payee to respond. Per IRS Publication 1281, backup withholding must begin you to begin backup withholding no later than 30 business days after the notice if you don't receive a timely, corrected response.
- Keep a dated copy of the notice you sent and proof of delivery for your records.

Step 5: Begin or Stop Backup Withholding as Required

- If the payee does not respond with the correct information in time, you are required to begin withholding 24% from future reportable payments, starting no later than 30 business days after the date you sent the B Notice to the payee.

- Once you receive the corrected, validated TIN information, you must stop backup withholding on future payments no later than 30 calendar days after receiving it.
- Backup withholding amounts must be reported on Form 945 (Annual Return of Withheld Federal Income Tax) and reflected on the payee's Form 1099.

Step 6: Update Your Records and Prevent Repeat Issues

- Update your internal vendor and payroll records immediately once a corrected W-9 is received.
- Consider using the IRS's TIN Matching e-services program to verify name/TIN combinations before filing, rather than after.
- Review new vendor and employee W-9s carefully at onboarding. Common errors include using a business or DBA name on the line meant for the legal owner's name, or listing an EIN that belongs to a different legal entity than the name shown.
- Re-solicit a TIN annually from any payee for whom you don't have a validated number on file.

Why This Matters

Incorrect or mismatched TINs can result in IRS penalties per return (the amount is adjusted annually for inflation; verify the current tier at IRS.gov), in addition to the backup withholding obligation itself. Responding promptly and correctly protects you from penalties and helps preserve the vendor relationship.

Quick Reference Timeline

Trigger	Your Deadline
No TIN provided, or TIN is obviously incorrect	Begin backup withholding immediately
CP2100 / CP2100A notice received, no response from payee	Send B Notice within 15 business days of receipt; begin backup withholding no later than 30 business days after sending the B Notice if the payee does not respond
Corrected, validated TIN received from payee	Stop backup withholding no later than 30 calendar days after receipt

Sources: *IRS “Backup Withholding ‘B’ Program,” IRS Topic No. 307, and IRS Publication 1281, Backup Withholding for Missing and Incorrect Name/TIN(s). Rules and rates are subject to change; verify current requirements at IRS.gov before relying on this guide for a specific filing.*