

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Further Improvements Are Needed to Strengthen the Controls for Issuing Employer Identification Numbers

July 25, 2025

Report Number: 2025-400-036

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

HIGHLIGHTS: Further Improvements Are Needed to Strengthen the Controls for Issuing Employer Identification Numbers

Final Audit Report issued on July 25, 2025

Report Number 2025-400-036

Why TIGTA Did This Audit

In February 2018, we reported that actions were needed to reduce the risk of fraudulent use of Employer Identification Numbers (EIN) and improve the effectiveness of the Modernized Internet EIN (Mod IEIN) system. The IRS addressed some of our concerns by updating programming to prevent an EIN from being listed as a responsible party, requiring an estate or trust application to include a responsible party, and updating alerts for error codes associated with the Mod IEIN system.

This audit followed-up on our prior recommendations and evaluated the effectiveness of the IRS's controls for processing EIN applications.

Impact on Tax Administration

An EIN is a nine-digit number assigned by the IRS to identify a business entity. They are used by employers, sole proprietors, corporations, partnerships, nonprofit associations, and trusts, and for non-tax purposes.

EINs are targeted and used by unscrupulous individuals to commit fraud. In July 2021, we reported that there were hundreds of potentially fraudulent claims for employer tax credits that were all filed using a [REDACTED]. Further, in April 2024, our Office of Investigations announced that it helped prevent \$3.5 billion from potentially being paid to fraudsters. Our special agents identified a scheme where individuals obtained an EIN for the sole purpose of filing business tax returns to improperly claim pandemic-related tax credits.

What TIGTA Found

Management should raise the identity assurance level for the Mod IEIN system. In December 2024, the IRS completed the annual reassessment of the Mod IEIN system. The IRS rated the identity proofing and authentication requirements at Level 1 (the same level as the initial assessment in January 2020). However, the IRS's justification did not acknowledge the change in the environment, namely the pandemic and the potential for pandemic-related fraud.

The IRS justified the Level 1 rating of the Mod IEIN system because there was no known fraudulent activity and there were compensating controls. This is despite our previously reported concern that applicants appeared to be bypassing one of the Mod IEIN system's compensating controls. This situation continues to occur as discussed in this report. Additionally, our Office of Investigations and the Department of Justice identified fraud associated with the issuance of EINs.

The Mod IEIN system has controls in place to prevent unscrupulous individuals from abusing the system. However, applicants have been able to circumvent some of the controls. Our review identified more than 8,000 EINs issued to the same responsible party on the same day, nearly 4,000 EINs issued with [REDACTED], and 9 Social Security Numbers used to apply for more than 10,000 EINs with similar business characteristics.

Additionally, [REDACTED] continue to be allowed as a responsible party for an EIN. We previously recommended that the IRS develop programming to reject applications for which the responsible party is a [REDACTED]. However, the IRS disagreed with the recommendation stating there was no [REDACTED] requirement to obtain an EIN. We identified more than 77,000 EINs that were issued to [REDACTED] from January 2018 through December 2023. Specifically, there were 31 [REDACTED] assigned 10 or more EINs.

We also determined that the IRS needs to take additional actions to address recommendations from our prior report. For example, programming has not been implemented to prevent sole proprietors from receiving multiple EINs; estates do not have a date of death for the decedents; and manual processing errors are allowing businesses to be listed as a responsible party and to list deceased taxpayers as a responsible party.

What TIGTA Recommended

We made 12 recommendations to improve the processing of EIN applications, including to raise the identity assurance level for the Mod IEIN system, update programming to prevent the circumvention of controls, implement systemic processes to detect and prevent abuse of the Mod IEIN system, require and capture [REDACTED] information for applications submitted by [REDACTED] and update forms and internal guidance.

The IRS agreed with all of our recommendations.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20024

July 25, 2025

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

A handwritten signature in black ink that reads "Diana M. Tengesdal".

FROM: Diana M. Tengesdal
Acting Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Further Improvements Are Needed to Strengthen
the Controls for Issuing Employer Identification Numbers
(Audit No.: 2024400013)

This report presents the results of our review to evaluate the effectiveness of the Internal Revenue Service's (IRS) controls for processing Employer Identification Number (EIN) applications and to follow up on prior report recommendations.¹ This review is part of our Fiscal Year 2025 Annual Audit Plan and addresses the major management and performance challenge of *Protection of Taxpayer Data and IRS Resources*.

Management's complete response to the draft report is included as Appendix IV. If you have any questions, please contact me or Deann Baiza, Acting Assistant Inspector General for Audit (Returns Processing and Account Services).

¹ TIGTA, Report No. 2018-40-013, [Actions Are Needed to Reduce the Risk of Fraudulent Use of Employer Identification Numbers and to Improve the Effectiveness of the Application Process](#) (February 2018).

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Background

An Employer Identification Number (EIN) is a nine-digit number (in the format of XX-XXXXXXX) assigned by the Internal Revenue Service (IRS) and used to identify a business entity.¹ EINs are used by employers, sole proprietors, corporations, partnerships, nonprofit associations, and trusts, and for non-tax purposes. An EIN is permanently assigned to the entity and will never be reassigned.

There are multiple methods to receive an EIN including fax, mail, and telephone but most are received online. Online applications are processed through the Modernized Internet Employer Identification Number (Mod IEIN) system. This program uses an interview-style online application with embedded help topics, keywords, and definitions. Information is validated as it is entered, and an EIN is issued immediately once the application is completed. In Fiscal Year 2024, the IRS issued more than 8.2 million EINs. Of these, about 7.2 million (87 percent) were processed through the Mod IEIN system.

When individuals or entities apply for an EIN, they are required to provide information such as the entity's legal name, mailing address, type of entity, business start or acquisition date, and reason they are applying for the EIN, *e.g.*, started a new business or initially hired employees. In addition, most EIN applicants must disclose the name and Taxpayer Identification Number (TIN) of the principal officer, general partner, grantor, owner, or trustor associated with the entity.² The IRS defines these individuals or entities as the "responsible party," and they are the ones who control, manage, or direct the applicant entity and the disposition of its funds and assets. If there is more than one responsible party, the entity may list whichever party the entity wants the IRS to recognize as the responsible party.

This audit is a follow up to our prior report where we made 18 recommendations to the IRS, that if implemented, would help reduce the risk of fraudulent use of EINs and improve the effectiveness of the Mod IEIN system.³ This review assessed the IRS's actions taken to address the prior recommendations and determined whether actions were needed on the disagreed recommendations.⁴

The IRS took the following actions in response to our previously reported concerns:

- Updated programming to prevent an EIN from being listed as the responsible party.
- Required an estate or trust application to include a responsible party.
- Updated alerts for error codes within the Mod IEIN system to identify systemic issues.

¹ See Appendix V for a glossary of terms.

² This is not required when a foreign individual or business requests the EIN.

³ TIGTA, Report No. 2018-40-013, [Actions Are Needed to Reduce the Risk of Fraudulent Use of Employer Identification Numbers and to Improve the Effectiveness of the Application Process](#) (February 2018).

⁴ See Appendix III for a summary of the 13 recommendations not included in this review.

- Matched responsible parties on the Suspicious EIN Listing with the Business Master File to identify additional associated EINs.⁵

In November 2024, the IRS implemented a paperless workflow to improve the processing of EIN applications received via fax. Additionally, the IRS plans to modernize the Mod IEIN system. This modernization effort includes updating the look and feel of the system to align with other applications, making it Section 508 compliant, and implementing outstanding programming changes from our prior report.

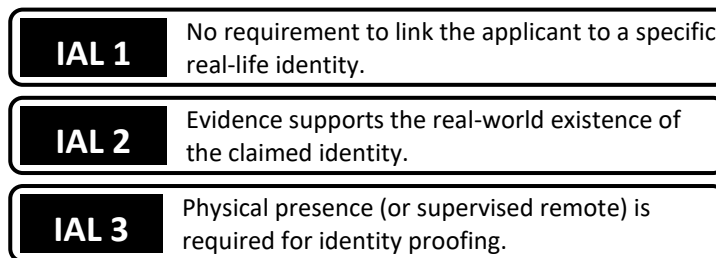
Results of Review

Management Should Raise the Identity Assurance Level for the Online System Used to Obtain an Employer Identification Number

In December 2024, the IRS completed the annual reassessment of the Mod IEIN system using the Digital Identity Risk Assessment (DIRA) process. The IRS rated the identity proofing and authentication requirements at Level 1 (the same level as the initial assessment in January 2020). However, the IRS's DIRA justification did not acknowledge the change in the environment, namely the pandemic and the potential for pandemic-related fraud.

The IRS's internal guidance states that the DIRA process must follow risk assessment guidelines from the National Institute of Standards and Technology (NIST) when determining the appropriate assurance level for an application.⁶ This includes ensuring that a reassessment is completed annually or when an event-based trigger, *e.g.*, change in the risk environment, occurs to ensure that the data and information in the DIRA is current. Figure 1 provides the three identity assurance levels (IAL) established by NIST that can be assigned, along with their description.

Figure 1: NIST Identity Assurance Levels



Source: NIST Special Publication 800-63 Revision 3, Digital Identity Guidelines.

⁵ Suspicious EINs are identified by the IRS when examiners contact businesses to verify the tax withholding amounts claimed on certain Forms W-2, *Wage and Tax Statement*. They can also be identified when the IRS corresponds with certain businesses deemed as potentially fabricated by the IRS. If the IRS receives information that a business is fabricated or bogus, because of contacts or correspondence, the business's EIN is added to the list.

⁶ NIST Special Publication 800-63 Revision 3, *Digital Identity Guidelines* (June 2017), provides standards that address identity proofing and authentication of users, *e.g.*, employees, contractors, and private individuals who interact with federal government information systems over open networks such as the internet.

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The IRS's DIRA justified the Level 1 rating of the Mod IEIN system because there was no known fraudulent activity and there were compensating controls. These controls include a systemic check to limit the issuance of one EIN per responsible party per day and manual processes to ensure that EINs are not issued to the [REDACTED]. However, we previously reported that applicants appeared to be bypassing one of the Mod IEIN system's compensating controls.⁷ This situation continues to occur as discussed later in this report.

TIGTA and the Department of Justice also identified fraud associated with the issuance of EINs. In March 2021, the Department of Justice issued a press release updating the public about its ongoing criminal and civil efforts to combat fraud coinciding with the pandemic.⁸ The press release noted that fraudsters targeted the Economic Injury Disaster Loan Program by applying for advances and loans on behalf of newly created businesses. Later that year, we reported that there were hundreds of potentially fraudulent claims for employer tax credits, all filed using a [REDACTED].⁹

Further, in April 2024, our Office of Investigations announced that it helped prevent \$3.5 billion from potentially being paid to fraudsters.¹⁰ Our special agents identified a scheme where individuals obtained an EIN for the sole purpose of filing business tax returns to improperly claim pandemic-related tax credits.

Finally, IRS data shows a 31 percent increase in EIN issuances from Fiscal Years 2020 to 2021 coinciding with the financial relief offered to businesses during the pandemic by the Coronavirus Aid, Relief, and Economic Security (CARES) Act legislation.¹¹ Figure 2 shows the volume of EINs issued from Fiscal Years 2018 through 2024.

⁷ TIGTA, Report No. 2018-40-013, [Actions Are Needed to Reduce the Risk of Fraudulent Use of Employer Identification Numbers and to Improve the Effectiveness of the Application Process](#) (February 2018).

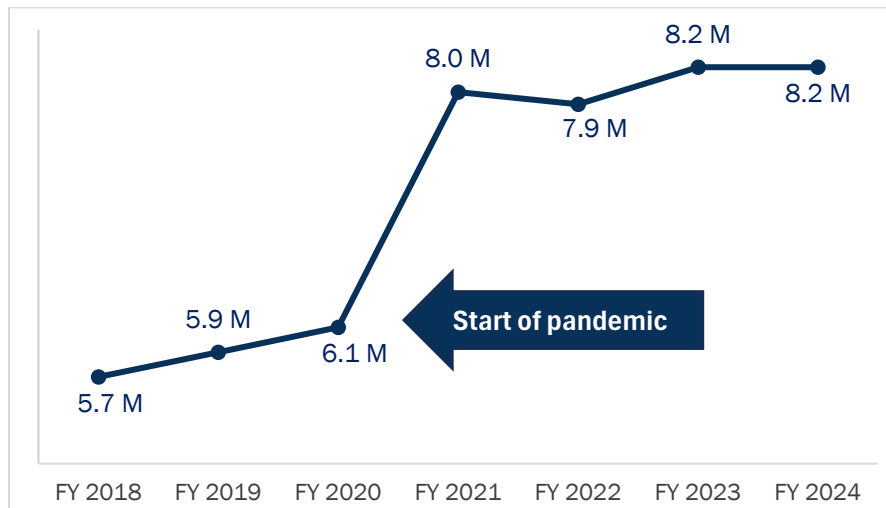
⁸ U.S. Department of Justice, Office of Public Affairs press release "Justice Department Takes Action Against COVID-19 Fraud" (March 2021), available at <https://www.justice.gov/archives/opa/pr/justice-department-takes-action-against-covid-19-fraud> (last visited Feb. 25, 2025).

⁹ TIGTA, Report No. 2021-46-043, [Implementation of Tax Year 2020 Employer Tax Credits Enacted in Response to the COVID-19 Pandemic](#) (July 2021).

¹⁰ TIGTA, Office of Investigations press release "TIGTA Identifies Fraud Scheme, Alerts IRS to Prevent \$3.5 Billion in Potentially Improper Pandemic Tax Credits" (April 2024), available at [TIGTA Identifies Fraud Scheme, Alerts IRS to Prevent \\$3.5 Billion in Potentially Improper Pandemic Tax Credits | U.S. Treasury Inspector General for Tax Administration OIG](#) (last visited March 13, 2025).

¹¹ Pub. L. No. 116-136, 134 Stat. 281 (2020) (codified as amended in scattered sections of 2, 5, 12, 15, 20, 21, 29, 42, and 45 U.S.C.).

Figure 2: EINs Issued From Fiscal Years 2018 Through 2024



Source: Taxpayer Services Division provided statistics as of December 2023 and January 2025. FY = Fiscal Year.

EINs are targeted and used by unscrupulous individuals to commit fraud. For this reason, we believe the IRS needs to raise the identity Mod IEIN system assurance level to ensure that individuals accessing the system are subjected to authentication prior to accessing the system.

Recommendation 1: The Chief, Taxpayer Services, should increase the identity assurance level for the Mod IEIN system to Level 2.

Management's Response: The IRS agreed with the recommendation and will complete annual evaluations of the Mod IEIN system and increase the identity assurance to Level 2 if supported by the determination.

Additional Enhancements Are Needed to Strengthen Existing Systemic Controls

The Mod IEIN system has controls in place to prevent unscrupulous individuals from abusing the system. For example, the IRS's guidelines limit individuals to one EIN per responsible party per day. However, applicants have been able to circumvent some of the controls. Our review of Mod IEIN applications from December 2020 through December 2023 identified 8,206 EINs issued to the same responsible party on the same day. IRS management noted that the EINs were requested [REDACTED] thus bypassing the control to prevent multiple EINs from being issued to the same taxpayer. Further, the IRS explained that the control does not occur until [REDACTED] allowing multiple EINs to be [REDACTED].

After completion of our audit work, the IRS notified us of a policy change to the number of EINs per responsible party per day. As a result of an IRS Advisory Committee recommendation made in November 2022, the IRS decided to increase the number of EINs allowed for each responsible party to 10 EINs per day. The IRS Advisory Committee stated that there are many situations where entities must be formed quickly in various states for regulatory or business purposes. A new business may need to set up an entity in each state it operates in for various reasons,

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e.g., payroll taxes and liquor licenses. The IRS plans to implement the change in October 2025. However, we remain concerned about responsible parties receiving more EINs per day than allowed.

We also identified 3,924 EINs issued from December 2020 through December 2023 with [REDACTED]. This occurred despite the presence of validation controls intended to prevent an individual from requesting an EIN with a [REDACTED]. The IRS explained that the validation control failed due to [REDACTED]. For example, once the EIN is issued by the Mod IEIN system, [REDACTED]. According to the IRS, if an individual requests an EIN with a [REDACTED] the Mod IEIN system will [REDACTED].

In addition, our review of the Business Master File identified 9 Social Security Numbers (SSN) that were used to apply for 10,271 EINs from January 2018 through December 2023. Many of the EIN applications used [REDACTED]. This is similar to an issue we reported in February 2018 where we noted that the IRS's processes needed to be strengthened to identify applicants abusing the Mod IEIN system. During our prior review, we identified a large number of application requests from the [REDACTED] which appeared to have bypassed the IRS's controls of one EIN per responsible party per day.

Recommendation 2: In September 2024, we alerted the IRS of the 9 SSNs that received 10,271 EINs identified as potential waste and abuse due to using the [REDACTED].

We expressed concerns about the accessibility of the Mod IEIN system, [REDACTED] fraud, waste, and abuse. We recommended that the IRS consider limiting or performing additional reviews of applications where the [REDACTED] of assigned entities and conduct data analysis to detect cases of fraud, waste, and abuse.

Management's Response to Alert: The IRS agreed with the recommendation and upon completion of their review on September 23, 2024, the nine SSNs were added to a list that is updated weekly and shared with the Mod IEIN team to prevent the individuals from obtaining additional EINs.

Office of Audit Comment: While the IRS did not comment on our recommendation to perform reviews to identify similar scenarios, the IRS's plans to implement our other recommendations should provide added controls to limit this type of abuse of the Mod IEIN system.

The Chief, Taxpayer Services, should:

Recommendation 3: Update programming to prevent an individual from receiving more EINs per day than allowed by the policy in effect.

Management's Response: The IRS agreed with the recommendation. This is an action that has been pursued since October 2022; however, limited resources and competing

priorities have impeded implementation. Based on discussions with Information Technology staff, the IRS expects implementation in January 2027.

Recommendation 4: Develop a process to identify and prevent the assignment of EINs with the

Management's Response: The IRS agreed with the recommendation and will develop an action plan to address the vulnerability presented by the when reviewing records.

Recommendation 5: Implement systemic processes to detect abuse of the Mod IEIN system and prevent the identified SSNs from requesting additional EINs.

Management's Response: The IRS agreed with the recommendation and will perform a review and analysis to determine if the existing treatment for SSNs suspected of obtaining EINs for potentially fraudulent purposes can and should be incorporated into systemic processing to stop the application process. The IRS's review will consider applicable legal authorities, taxpayer rights, and best business practices.

Continue to Be Allowed As a Responsible Party Associated With an Employer Identification Number

We previously recommended that the IRS develop programming to reject applications for which the responsible party is a . The IRS disagreed, stating that there is no to obtain an EIN and there are several valid reasons a would need an EIN, for example a who is engaged in business activities or investing funds. We identified more than 77,000 EINs issued from January 2018 through December 2023 that have a designated as the responsible party.¹² For example, we found:

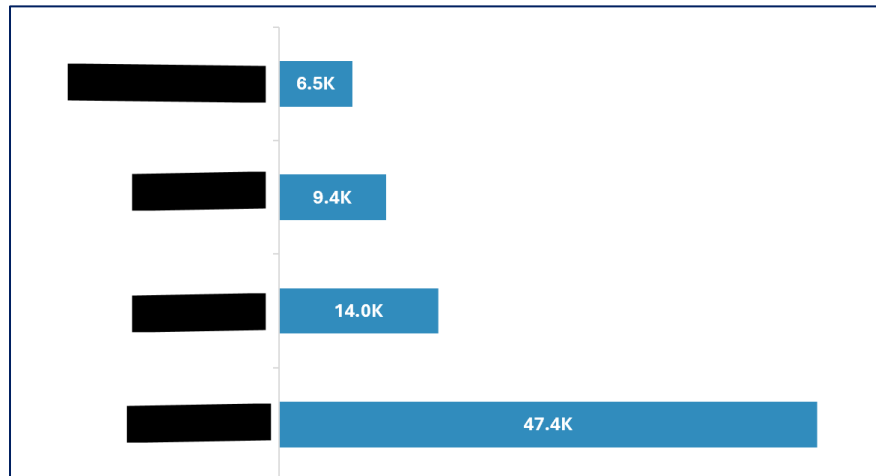
Our analysis identified 31 that were assigned 10 or more EINs from January 2018 through December 2023.

- More than 2,000 have more than 1 EIN.
- 31 have 10 or more EINs.
-

While we understand there may be instances when a needs to have an EIN, our analysis highlights instances that do not appear reasonable and indicate potential fraud or abuse. Figure 3 shows the number of EINs listing a as the responsible party at the time the EIN was established.

¹² This number does not include EINs assigned to designated as Home Care Service Recipients or entities identified as estates, trusts, or other, except Limited Liability Companies.

Figure 3: EINs Held by *****2***** at Establishment



Source: Analysis of information in the Business Master File and National Account Profile data from January 2018 through December 2023. K = thousands.

The IRS’s internal guidance requires reporting the SSN of the [REDACTED] [REDACTED] According to the Internal Revenue Code, any income tax assessed against a [REDACTED] However, neither the Form SS-4, *Application for Employer Identification Number*, nor the Mod IEIN system has an entry to provide this information. In February 2022, and in response to our prior recommendation, IRS management stated that they were unable to add a field to the Business Master File to capture another TIN because of character space limitations. The IRS’s Inflation Reduction Act Strategic Operating Plan includes plans to modernize the Business Master File in Fiscal Year 2027.¹³ However, the office responsible for monitoring and tracking the efforts of the Strategic Operating Plan – the Transformation and Strategy Office – was eliminated in March 2025.

Since the IRS has space limitations in the Business Master File, we believe that the [REDACTED] [REDACTED] At that time, the entity information can be updated to reflect the [REDACTED] as the responsible party. Allowing the designation of a [REDACTED] as the responsible party creates uncertainty when there are tax return filings or other tax-related obligations of the entity. This is because it is difficult to identify the [REDACTED] without having their name, address, or TIN recorded in the system.

The Chief, Taxpayer Services, should:

Recommendation 6: Update the Form SS-4 and related instructions to require a [REDACTED] [REDACTED] name and SSN when an EIN application for [REDACTED] is submitted.

Management’s Response: The IRS agreed with the recommendation and will update Form SS-4 and related instructions, with the next publishing cycle.

¹³ IRS Publication 3744, IRS Inflation Reduction Act Strategic Operating Plan, p. 87 (April 2023).

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Recommendation 7: Coordinate with the Information Technology organization to include fields that will capture two TINs associated with an EIN when the Business Master File is modernized.

Management’s Response: The IRS agreed with the recommendation and in conjunction with changes to Form SS-4, will develop commensurate business requirements for the capture of the additional data fields.

Recommendation 8: Update internal guidance to capture the [REDACTED] SSN as the responsible party when EIN applications [REDACTED] are submitted.

Management’s Response: The IRS agreed with the recommendation and will update internal guidance to clarify documentation requirements for responsible parties when EIN applications are submitted [REDACTED]

Recommendation 9: Update the Mod IEIN system programming to capture the [REDACTED] SSN as the responsible party for applications submitted [REDACTED]

Management’s Response: The IRS agreed with the recommendation and will develop and submit business requirements for programming updates that will capture responsible party information for applications submitted [REDACTED]

Additional Actions Are Needed to Address Prior Recommendations

Figure 4 summarizes the prior recommendations agreed to by the IRS that still require additional action.¹⁴ For the remaining recommendations, we either determined that no additional actions were needed or deemed them low risk.¹⁵

Figure 4: Prior IRS Agreed Recommendations Where Additional Action Is Needed

| Recommendation Number | Recommendation | Actions Taken |
|-----------------------|--|--|
| #3 (page 9) | Correct programming to reject EIN applications when an EIN has previously been assigned to the same sole proprietor and to reject applications when IRS data indicates that the sole proprietor is deceased. | The IRS partially implemented this recommendation. The programming for sole proprietors with a date of death was implemented in October 2017. Audit Note: Our current analysis of sole proprietors determined that they are still receiving multiple EINs. |
| #9 (page 14) | Develop programming to reject estate applications if the decedent TIN is not that of a deceased individual. | The IRS agreed with this recommendation and planned to implement required programming changes subject to budgetary constraints, limited resources, and competing priorities. Audit Note: Our current analysis of estates identified that there is no date of death on file for some decedent accounts. |

¹⁴ TIGTA, Report No. 2018-40-013, [Actions Are Needed to Reduce the Risk of Fraudulent Use of Employer Identification Numbers and to Improve the Effectiveness of the Application Process](#) (February 2018).

¹⁵ See Appendix III for a summary of the 13 recommendations not included in this review. Additionally, we reported the recommendation on [REDACTED] in a separate finding because the IRS disagreed with this recommendation.

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| Recommendation Number | Recommendation | Actions Taken |
|-----------------------|---|---|
| #12 (page 14) | Revise procedures to not allow applicants to designate another business as the responsible party. | The IRS updated the Form SS-4 and instructions in December 2017 and implemented programming updates for the Mod IEIN system in May 2019. Audit Note: Our current analysis determined that businesses are still being designated as the responsible party due to manual processing errors. |
| #14 (page 17) | Develop processes and procedures to ensure that tax examiners accurately process paper Forms SS-4. This should include additional employee training and performing additional management quality reviews. | The IRS reviewed a sample of 307 paper processed Forms SS-4 for accuracy and found that 291 forms were processed correctly. The remaining 16 forms did not indicate any error trends. The IRS stated they will continue to monitor and review quality reports, provide guidance when error trends are identified, and offer the annual refresher training. Audit Note: Our current analysis identified EINs that were issued to deceased taxpayers due to manual processing errors. |

Source: Review of actions taken in response to recommendations made in prior report.

Programming has not been implemented to prevent sole proprietors from receiving multiple EINs

The IRS agreed to correct programming to prevent sole proprietors from being issued additional EINs if they already had one. However, IRS management noted that the programming update was based upon available funding. Our review identified that approximately 34,000 sole proprietors were issued more than 1 EIN from January 2018 through December 2023, for a total of more than 69,000 EINs. IRS management noted that they will implement programming to correct this issue.

Estates do not have a date of death for the decedent

The IRS agreed to implement programming to reject estate applications if the decedent TIN does not have a date of death. However, IRS management noted that the programming update was based on available funding. Our review identified over 54,000 EINs issued to estates from January 2018 through December 2023 where the decedent TIN does not have a date of death on file. IRS agreed that these EINs were issued in error and noted that they will implement programming that will correct this issue.

Businesses continue to be listed as the responsible party due to manual processing errors

The IRS agreed to revise its procedures and not allow EIN applicants to designate a business as the responsible party. The IRS updated the Form SS-4 and instructions, along with its internal guidance to state that the responsible party must be an individual, noting an exception for a government entity. In May 2019, the IRS updated the Mod IEIN programming to no longer allow an EIN to be designated as the responsible party. Our analysis of entity records for EINs issued from June 2019 through December 2023 identified more than 126,000 EINs with another EIN designated as the responsible party.

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We provided the list of identified EINs to the IRS for review. The IRS reviewed a sample of the EINs and determined that each of the records reviewed was established or updated by an IRS employee following the filing of a form or tax return. Management indicated that there are conflicting instructions for updating responsible party information that led to instances of the EINs being listed as the responsible party.

Businesses allowed to list deceased taxpayers as responsible party due to manual processing errors

The IRS agreed to correct its programming to reject applications when a sole proprietor is deceased. The IRS implemented programming updates in October 2017, which appear to be effective. However, our review identified 1,545 EINs (325 sole proprietors) issued from January 2018 through December 2023 where the taxpayer account had a date of death on file at the time the EIN was issued. The IRS reviewed a sample of the EINs and determined that employees manually entered the responsible party after receiving forms with missing EINs or after receiving updated responsible party information. This should not have occurred because employees have access to a tool that displays the date of death of the taxpayer when they are processing an EIN application. This tool should prompt the employee to refer to internal guidance to determine if an EIN can be issued.

The Chief, Taxpayer Services, should:

Recommendation 10: Ensure that the Mod IEIN system programming updates from the prior recommendations are implemented during the planned modernization.

Management's Response: The IRS agreed with the recommendation and the programming updates associated with previous recommendations are expected to be implemented in July 2025.

Recommendation 11: Update all instructions and internal guidance used by employees when issuing an EIN to note that another EIN cannot be designated as the responsible party.

Management's Response: The IRS agreed with the recommendation and will review instructions and internal guidance and update it, as needed, to prevent the designation of another EIN as the responsible party.

Recommendation 12: Remind employees to follow internal guidance when the tool displays information, such as a date of death, for their consideration prior to issuing an EIN.

Management's Response: The IRS agreed with the recommendation and on May 16, 2025, the Servicewide Electronic Research Program Alert number 25A0139 was issued to employees to remind them to follow internal guidance when the tool displays information, such as a date of death, for their consideration prior to issuing an EIN.

Appendix I

Detailed Objectives, Scope, and Methodology

Our overall objectives were to evaluate the effectiveness of the IRS's controls for processing EIN applications and to follow up on prior report recommendations.¹ To accomplish our objectives, we:

- Assessed the IRS's processing of paper and faxed EIN applications by interviewing personnel and completing a walk-through of the process. We followed up with the IRS to ensure that modernization of the faxed application process was deployed on schedule.
- Assessed the IRS's electronic processing of EIN applications by interviewing personnel, reviewing system processes and controls, and examining datasets and audit logs.
- Reviewed the IRS's processes and procedures for identifying and minimizing invalid or fraudulent EIN applications. We did this by interviewing personnel, reviewing security assessments and standards, and checking data for suspected or known instances of fraud and identity theft.
- Determined whether the IRS addressed the recommendations from our prior report by reviewing corrective actions and testing controls for effectiveness. We reviewed EIN application data for issues identified in the prior audit to ensure that controls were put in place and are operating effectively.

Performance of This Review

This review was performed with information obtained from IRS personnel within the Accounts Management office located in Covington, Kentucky; Taxpayer Services Division in Atlanta, Georgia; and Information Technology organization in Washington, D.C., during the period October 2023 through March 2025. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Data Validation Methodology

During this review we obtained data from the IRS's Business Master File, the Mod IEIN system, and National Account Profile databases. We evaluated the data by performing electronic testing of required data elements, reviewing existing information about the data and the system that produced them, and selecting random samples to verify the data against the source data, *i.e.*, the Integrated Data Retrieval System. We determined that the data were sufficiently reliable for purposes of this report.

¹ TIGTA, Report No. 2018-40-013, [Actions Are Needed to Reduce the Risk of Fraudulent Use of Employer Identification Numbers and to Improve the Effectiveness of the Application Process](#) (February 2018).

Internal Controls Methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: control activities and monitoring. We evaluated these controls by reviewing Internal Revenue Manual (IRM) 21.7.13, *Assigning Employer Identification Numbers (EINs)*; processes and procedures for identifying and minimizing fraud, waste, and abuse related to the EIN application process; the Joint Audit Management Enterprise System documentation to determine whether prior recommendations to improve the process have been effectively implemented; and NIST Special Publication 800-63 Revision 3, *Digital Identity Guidelines*.

Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. These benefits will be incorporated into our Semiannual Report to Congress.

Type and Value of Outcome Measure:

- Protection of Resources – Potential; 10,271 EINs identified as waste and abuse because of using the [REDACTED] (see Recommendation 2).

Methodology Used to Measure the Reported Benefit:

Our review of the Business Master File identified 9 SSNs that were used to apply for 10,271 EINs from January 2018 through December 2023. Many of the EIN applications used [REDACTED]

[REDACTED] In September 2024, we alerted the IRS to the potential waste and abuse. As a result, the IRS blocked the SSNs identified from obtaining additional EINs through the Mod IEIN system.

Type and Value of Outcome Measure:

- Protection of Resources – Potential; 8,206 EINs issued to the same responsible party on the same day (see Recommendation 3).

Methodology Used to Measure the Reported Benefit:

Our review of Mod IEIN applications from December 2020 through December 2023 identified 8,206 instances of an EIN being issued to the same responsible party on the same day. The IRS's guidelines limit individuals to one EIN per responsible party per day. When we asked IRS management to explain how this occurred, management noted that these individuals circumvented the controls because the EINs were requested [REDACTED]

[REDACTED] The IRS further explained that the control preventing multiple EINs from being issued to the same taxpayer does not occur until [REDACTED] allowing multiple EINs to be [REDACTED]

Type and Value of Outcome Measure:

- Protection of Resources – Potential; 3,924 EINs issued with [REDACTED] (see Recommendation 4).

Methodology Used to Measure the Reported Benefit:

We identified 3,924 EINs issued from December 2020 through December 2023 [REDACTED] This occurred despite the presence of validation controls

Further Improvements Are Needed to Strengthen the Controls for Issuing Employer Identification Numbers

intended to prevent an individual from requesting an EIN with [REDACTED]
[REDACTED] When we brought this concern to management's attention, management explained that the validation control failed due to the [REDACTED]
[REDACTED] For example, once the EIN is issued by the Mod IEIN system, [REDACTED]
[REDACTED] According to the IRS, if an individual requests an EIN with a [REDACTED], the Mod IEIN system will [REDACTED]
[REDACTED]

Appendix III

Prior Recommendations Where Additional Action Is Not Needed or That Were Not Evaluated

| Recommendation Number | Recommendation | IRS Response/Action Taken |
|-----------------------|--|---|
| #1 (page 7) | Place an indicator on the tax account of those EINs [REDACTED] that can be used to identify when these EINs are used to file business tax returns or other tax documents, such as Forms W-2, <i>Wage and Tax Statement</i> , or Forms 1099, <i>Miscellaneous Income</i> , to ensure the validity of these filings. | <p>The IRS disagreed with this recommendation. IRS management responded that there are valid reasons why a filing requirement is not assigned during the EIN application process. For example, tax exempt entities do not have a filing requirement until their application of recognition has been formally accepted. Sole proprietors may have a need to issue Form 1099 which requires them to have an EIN. While there are no studies to indicate EINs not [REDACTED] are more likely to be used to commit fraud, the IRS has two existing programs that look to identify these types of entities when tax returns and/or information documents are filed. The Entity Fabrication Program has several filters that run against certain business forms claiming refunds. These filters look specifically for [REDACTED] that have a [REDACTED] and newly [REDACTED] that have never been [REDACTED].</p> <p>TIGTA comment to disagreement: When the IRS processes an EIN application, it already assigns those businesses that will be required to file a business tax return a “filing requirement.” Adding an [REDACTED] to the tax accounts associated with those EINs issued [REDACTED] would allow the IRS to identify subsequent tax returns filed using EINs originally issued for reasons that did not [REDACTED]. The IRS could then identify and assess the subsequent filing of a tax return and/or information return to ensure they are valid.</p> |
| #2 (page 8) | Expand fraud filters to identify potentially fraudulent tax return filings that use an [REDACTED] to report income and withholding. | <p>The IRS agreed with this recommendation and responded that it currently has a process in place to identify [REDACTED] used to report potentially fraudulent income and withholding.</p> <p>Action taken: In October 2017, the IRS updated the IRM to include additional procedures for the Entity Fabrication Program and identity theft filters for the Business Taxpayer Protection Program.</p> |

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| Recommendation Number | Recommendation | IRS Response/Action Taken |
|-----------------------|---|--|
| #4 (page 9) | Review the 206,920 EINs incorrectly assigned as duplicates to sole proprietors and the 20,437 assigned to sole proprietors who were deceased and determine if the EINs should be merged or deactivated. | The IRS agreed with this recommendation and planned to research a statistical sample to determine if some EINs should be merged or deactivated and take appropriate actions based on its findings. Action taken: The IRS took a statistical sample from each population and reviewed the EIN accounts for accuracy. Some of the specific issues identified in the samples were addressed, e.g., deactivating confirmed duplicate EINs to sole proprietors and updating incorrect responsible parties identified. No action was taken on the whole populations. |
| #5 (page 13) | Perform an assessment to determine how an additional field could be added to the Business Master File so that both the decedent SSN and a responsible party TIN can be captured for estates and trusts. | The IRS agreed with this recommendation and planned to review the process to determine if an additional field can be added to capture the decedent's SSN and the responsible party TIN. However, the implementation of required programming changes to accomplish this objective are subject to budgetary constraints, limited resources, and competing priorities. Action taken: The IRS reported it is unable to include both the decedent's SSN and responsible party's TIN to the business file due to character space limitations. |
| #6 (page 13) | Revise internal procedures, application instructions, etc., to require that estate and trust applicants applying on paper provide a responsible party. | The IRS agreed with this recommendation and planned to update the appropriate procedures and instructions once the required programming changes have been implemented. Actions taken: The IRS made updates to the IRM in July 2019 requiring a name and TIN for the responsible party for estates and trusts and updated instructions for contacting a taxpayer when information is missing. In December 2019, the IRS made updates to the Form SS-4 instructions regarding a decedent estate. |
| #8 (page 14) | Ensure the validity of the 71,633 EINs we identified that were assigned to responsible parties who are [REDACTED] | The IRS agreed with this recommendation and planned to review a statistical sample of EINs to ensure their validity. Actions taken: The IRS took a statistical sample from the population and reviewed the EIN accounts for accuracy. EINs with an incorrect responsible party identified in the sample were updated. No action was taken on the whole population. |
| #10 (page 14) | Ensure the validity of the 26,889 EINs we identified as being assigned to estates for which the decedent TIN was that of a living individual. | The IRS agreed with this recommendation and planned to review a statistical sample of EINs to determine their validity. Actions taken: The IRS took a statistical sample from the population and reviewed the EIN accounts for accuracy. Specific issues identified in the sample were addressed. No action was taken on the whole population. |

**Further Improvements Are Needed to Strengthen the
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| Recommendation Number | Recommendation | IRS Response/Action Taken |
|-----------------------|--|--|
| #11 (page 14) | Establish systemic processes for the Mod IEIN system to alert system administrators when error code counts reach certain thresholds based on historical trends. | The IRS agreed with this recommendation and planned to seek a feasible process for the Mod IEIN system to alert system administrators when error code counts reach certain thresholds based on historical trends. Actions taken: In February 2019, the IRS put an error threshold notification in place. In our discussions, the IRS stated that [REDACTED] |
| #13 (page 17) | Update internal guidelines to require [REDACTED] to provide additional information on the application to receive an EIN. | The IRS disagreed with this recommendation. IRS management responded that this recommendation, whether foreign or U.S. formed entities, will place undue burden upon [REDACTED] when applying for an EIN. TIGTA Comment to disagreement: At no point during our discussions with IRS management did they indicate or substantiate that requiring additional information would place an undue burden on [REDACTED]. In fact, they indicated that they would consider requiring information that could be used to verify [REDACTED] |
| #15 (page 17) | Update internal guidelines to include procedures for processing EIN applications associated with Form 1041, <i>U.S. Income Tax Return for Estates and Trusts</i> , and requests for EINs from individuals who are [REDACTED] | The IRS agreed with this recommendation and planned to determine if procedural changes are necessary based on its review under Recommendation 8. Actions taken: In July 2018, the IRS updated the IRM to add a filing requirement exemption for Form 1041 when the taxpayer indicates "Widely Held Investment Trust." |
| #16 (page 19) | Develop processes to [REDACTED] and refer any matches to the Criminal Investigation Division for further review. | The IRS agreed with this recommendation. However, IRS management stated that [REDACTED]. IRS management plans to explore the possibility of establishing a [REDACTED]. Actions taken: IRS analysis determined that implementation would not be cost effective or beneficial. |
| #17 (page 19) | Develop processes to match responsible parties associated with suspicious EINs, when added to the Suspicious EIN Listing, against the IRS's Business Master File to identify instances in which the same responsible parties are associated with additional EINs, <i>i.e.</i> , not on the list, and determine if these additional EINs should be added to the list. | The IRS agreed with this recommendation and planned to add the cross-reference TIN associated with suspicious EINs to its current review process. IRS management stated they will complete any necessary treatment, <i>e.g.</i> , adding any additional EINs to the Suspicious EIN Listing, identified during this review. Actions taken: The IRS implemented a process to match responsible parties associated with suspicious EINs to the Business Master File for review. The IRM was updated with new procedures in June 2018. |

Further Improvements Are Needed to Strengthen the Controls for Issuing Employer Identification Numbers

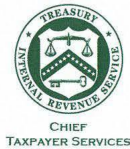
| Recommendation Number | Recommendation | IRS Response/Action Taken |
|-----------------------|---|---|
| #18 (page 19) | Refer the 20,609 entities that contain responsible party TINs associated with suspicious EINs to the IRS's Return Integrity and Compliance Services function to determine if any of these entities should be added to the Suspicious EIN Listing. | The IRS agreed with this recommendation and planned to review the identified entities for possible inclusion in the Compromised/Suspicious EIN Listing. Actions taken: The IRS reviewed the entities for referral and determined that approximately 2 percent of the population met the Entity Fabrication criteria. Of those, one-third already had an indicator on their account. |

Source: Review of actions taken in response to recommendations made in Report No. 2018-40-013, [Actions Are Needed to Reduce the Risk of Fraudulent Use of Employer Identification Numbers and to Improve the Effectiveness of the Application Process](#) (February 2018).

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Appendix IV

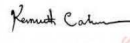
Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

July 3, 2025

MEMORANDUM FOR DIANA M. TENGESDAL
ACTING DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Kenneth C. Corbin 
Chief, Taxpayer Services Division

Digitally signed by
Kenneth C. Corbin
Date: 2025.07.03
11:50:37 -04'00'

SUBJECT: Draft Audit Report – Further Improvements Are Needed to
Strengthen the Controls for Issuing Employer Identification
Numbers (Audit No.: 2024400013)

Thank you for the opportunity to review and provide comments on the subject draft report. We remain committed to strengthening processes and safeguards used to assign Employer Identification Numbers (EINs) across all submission methods, including paper, fax, and the Modernized Internet Employer Identification Number (Mod IEIN) system. We recognize the importance of continuously improving these processes in response to evolving schemes while balancing that vigilance with the needs of taxpayers.

We continuously work to improve fraud detection and to identify suspicious account activity to prevent EINs from being assigned to ineligible applicants and those with fraudulent intent. For example, system checks include verification of date of death information for each submission to prevent identity misuse. Additionally, we maintain a cumulative list of flagged Social Security Numbers (SSNs), identified through referrals or account research to confirm the potential creation of multiple fabricated entities. Once an SSN is identified, the system prevents any further EIN assignments to that number. When SSNs suspected of initiating potentially fraudulent applications are identified, they are placed on a restriction list that is used as a preventive measure to stop identified bad actors from obtaining additional EINs. Procedural changes are being implemented to limit EIN assignments to one per sole proprietor and validating the responsible party's SSN against the decedent's record in estate applications. If the responsible party and the decedent have matching SSNs, the application submitter will be required to correct the information before proceeding. We are also implementing programming updates that will reject estate applications if the decedent SSN is not that of a deceased individual.

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In addition to systemic and procedural changes, we are ensuring our frontline employees have all the tools and support necessary to deliver high-quality service while simultaneously protecting the integrity of the EIN assignment process and adhering to statutory requirements. We do not have the legal authority to limit or reject applications for EINs by [REDACTED]. Procedures require employees to enter [REDACTED] SSN in the remarks field when assigning an EIN to a [REDACTED] which helps in identifying potentially fraudulent activity. Servicewide alerts are issued to notify employees of emerging fraud schemes and to communicate procedural updates. These efforts, along with additional corrective actions, support continuous improvement and reinforce the safeguards that protect both taxpayer data and public trust.

IRS responses to the recommendations are enclosed. If you have any questions, please contact me, or a member of your staff may contact, Joseph Dianto, Director, Customer Account Services, at 470-639-3504.

Attachment

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Attachment

Recommendations

RECOMMENDATION 1

The Chief, Taxpayer Services, should increase the identity assurance level for the Mod IEIN system to Level 2.

CORRECTIVE ACTION

We agree. We will complete annual evaluations of the Modernized Internet Employer Identification Number (Mod IEIN) system and increase the identity assurance to Level 2 if supported by the determination.

IMPLEMENTATION DATE

March 15, 2026

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor and review this corrective action as part of our internal management control system.

RECOMMENDATION 2

In September 2024, we alerted the IRS of the 9 SSNs that received 10,271 EINs identified as potential waste and abuse due to using the [REDACTED]

[REDACTED] We expressed concerns about the accessibility of the Mod IEIN system, [REDACTED] fraud, waste, and abuse. We recommended that the IRS consider limiting or performing additional reviews of applications where the [REDACTED] of assigned entities and conduct data analysis to detect cases of fraud, waste, and abuse.

CORRECTIVE ACTION

We agree. Upon completion of our review on September 23, 2024, the nine Social Security Numbers (SSNs) were added to a list that is updated weekly and shared with the Mod IEIN team to prevent the individuals from obtaining additional Employer Identification Numbers (EINs).

IMPLEMENTATION DATE

Implemented

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services Division

**Further Improvements Are Needed to Strengthen the
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CORRECTIVE ACTION MONITORING PLAN

N/A

Recommendations

The Chief, Taxpayer Services, should:

RECOMMENDATION 3

Update programming to prevent an individual from receiving more EINs per day than allowed by the policy in effect.

CORRECTIVE ACTION

We agree. This is an action that has been pursued since October 2022; however, limited resources and competing priorities have impeded implementation. In our discussions with Information Technology staff, we expect implementation in January 2027.

IMPLEMENTATION DATE

January 15, 2027

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 4

Develop a process to identify and prevent the assignment of EINs with the same

[REDACTED]

CORRECTIVE ACTION

We agree. We will develop an action plan to address the vulnerability presented by the [REDACTED] when reviewing records.

IMPLEMENTATION DATE

January 15, 2026

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services Division

**Further Improvements Are Needed to Strengthen the
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CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 5

Implement systemic processes to detect abuse of the Mod IEIN system and prevent the identified SSNs from requesting additional EINs.

CORRECTIVE ACTION

We agree. We will perform a review and analysis to determine if the existing treatment for SSNs suspected of obtaining EINs for potentially fraudulent purposes can and should be incorporated into systemic processing to stop the application process. Our review will consider applicable legal authorities, taxpayer rights, and best business practices.

IMPLEMENTATION DATE

January 15, 2026

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 6

Update the Form SS-4 and related instructions to require a [REDACTED] name and SSN when an EIN application for a [REDACTED] is submitted.

CORRECTIVE ACTION

We agree. We will update Form SS-4, *Application for Employer Identification Number*, and related instructions, with the next publishing cycle.

IMPLEMENTATION DATE

October 15, 2026

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

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RECOMMENDATION 7

Coordinate with the Information Technology organization to include fields that will capture two TINs associated with an EIN when the Business Master File is modernized.

CORRECTIVE ACTION

We agree. In conjunction with changes to Form SS-4, we will develop commensurate business requirement for the capture of the additional data fields.

IMPLEMENTATION DATE

December 15, 2026

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 8

Update internal guidance to capture the [REDACTED] SSN as the responsible party when EIN applications for [REDACTED] are submitted.

CORRECTIVE ACTION

We agree. We will update internal guidance to clarify documentation requirements for responsible parties when EIN applications are submitted by [REDACTED]

IMPLEMENTATION DATE

December 15, 2025

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 9

Update the Mod IEIN system programming to capture the [REDACTED] as the responsible party for applications submitted [REDACTED]

**Further Improvements Are Needed to Strengthen the
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CORRECTIVE ACTION

We agree. We will develop and submit business requirements for programming updates that will capture responsible party information for applications submitted [REDACTED]

IMPLEMENTATION DATE

December 15, 2025

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 10

Ensure that the Mod IEIN system programming updates from the prior recommendations are implemented during the planned modernization.

CORRECTIVE ACTION

We agree. The programming updates associated with previous recommendations are expected to be implemented in July 2025.

IMPLEMENTATION DATE

August 15, 2025

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 11

Update all instructions and internal guidance used by employees when issuing an EIN to note that another EIN cannot be designated as the responsible party.

CORRECTIVE ACTION

We agree. We will review instructions and internal guidance and update it, as needed, to prevent the designation of another EIN as a responsible party.

IMPLEMENTATION DATE

April 15, 2026

**Further Improvements Are Needed to Strengthen the
Controls for Issuing Employer Identification Numbers**

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RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services
Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control
system.

RECOMMENDATION 12

Remind employees to follow internal guidance when the tool displays information, such
as a date of death, for their consideration prior to issuing an EIN.

CORRECTIVE ACTION

We agree. On May 16, 2025, Servicewide Electronic Research Program Alert number
25A0139 was issued to employees to remind them to follow internal guidance when the
tool displays information, such as a date of death, for their consideration prior to issuing
an EIN

IMPLEMENTATION DATE

Implemented

RESPONSIBLE OFFICIAL

Director, Accounts Management, Customer Account Services, Taxpayer Services
Division

CORRECTIVE ACTION MONITORING PLAN

N/A

Glossary of Terms

| Term | Definition |
|--|---|
| [REDACTED] | [REDACTED] |
| Business Master File | The IRS database that consists of federal tax-related transactions and accounts for businesses. These include employment taxes, income taxes on businesses, and excise taxes. |
| Digital Identity Risk Assessment | This process identifies the risks to system security and determines the probability of occurrence, the resulting impact, and the additional safeguards that would mitigate the impact. |
| Employee Retention Credit | A refundable tax credit for certain eligible businesses and tax-exempt organizations that had employees and were affected during the pandemic. |
| Employer Identification Number | A unique, nine-digit number used to identify a taxpayer's business account. |
| Fiscal Year | Any yearly accounting period, regardless of its relationship to a calendar year. The federal government's fiscal year begins on October 1 and ends on September 30. |
| Identity Proofing | Verifying the claimed identity of an applicant by collecting and validating sufficient information, <i>e.g.</i> , identity history, credentials, and documents, about a person. |
| Integrated Data Retrieval System | An IRS computer system capable of retrieving or updating stored information. It works in conjunction with a taxpayer's account records. |
| Internal Revenue Manual | The primary source of instructions to employees relating to the administration and operation of the IRS. The Manual contains the directions employees need to carry out their operational responsibilities. |
| [REDACTED] | [REDACTED] |
| Modernization | The process of updating, improving, and bringing in line with modern standards. |
| Modernized Internet Employer Identification Number | An online application for EINs in a question-and-answer format that replaced the online Form SS-4 in 2007. |
| National Account Profile | A compilation of selected entity data from various IRS Master Files and the Social Security Administration. |
| National Institute of Standards and Technology | A part of the Department of Commerce that is responsible for developing standards and guidelines to provide adequate information security for all federal agency operations and assets. |

Further Improvements Are Needed to Strengthen the Controls for Issuing Employer Identification Numbers

| Term | Definition |
|--------------------------------|--|
| Responsible Party | The principal officer, general partner, grantor, owner, trustor, or executor who controls, manages, or directs the applicant entity and the disposition of its funds and assets. |
| Section 508 | A part of the Rehabilitation Act of 1973, requiring federal agencies to make their electronic and information technology accessible to people with disabilities. |
| Social Security Number | A nine-digit number issued to an individual by the Social Security Administration. The IRS uses this number to process tax documents and returns. |
| Taxpayer Identification Number | A nine-digit number assigned to taxpayers for identification purposes. Depending upon the nature of the taxpayer, it can be an EIN, an SSN, or an Individual Taxpayer Identification Number. |

Abbreviations

| | |
|----------|--|
| CARES | Coronavirus Aid, Relief, and Economic Security |
| DIRA | Digital Identity Risk Assessment |
| EIN | Employer Identification Number |
| IAL | Identity Assurance Level |
| IRM | Internal Revenue Manual |
| IRS | Internal Revenue Service |
| Mod IEIN | Modernized Internet Employer Identification Number |
| NIST | National Institute of Standards and Technology |
| SSN | Social Security Number |
| TIGTA | Treasury Inspector General for Tax Administration |
| TIN | Taxpayer Identification Number |



**To report fraud, waste, or abuse,
contact our hotline on the web at
<https://www.tigta.gov/reportcrime-misconduct>.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

Information you provide is confidential, and you may remain anonymous.