

## Employer Identification Numbers For “Disregarded Entities”

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The IRS recently issued regulations regarding employer identification numbers (“EINs”) for “disregarded entities” such as single-owner limited liability companies (“LLCs”) and qualified subchapter S subsidiaries. Beginning January 1, 2009, all disregarded entities with employees will be required to obtain their own EINs and calculate, report, and withhold all employment taxes on their employees’ wages. Owners of disregarded entities no longer will be permitted to treat employees

of the entities as employees of the owner. The entities will continue to be disregarded for all other federal tax purposes (including income tax purposes).

***Recommended Action:***

Prior to January 1, 2009, any single-owner LLC or qualified subchapter S subsidiary with employees should obtain an EIN for the entity and prepare to calculate and report federal employment taxes at the entity level.

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