

ITIN, SSN, & EIN Differences Explained


The Differences Between ITIN, SSN, & EIN Explained

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What is an SSN?

Social Security Numbers (SSN) are nine digits (xxx-xx-xxxx) and belong to U.S. citizens and authorized residents.

They provide a link with the Social Security Administration to accurately record your covered wages or self-employment earnings and monitor your record once you start getting benefits. You need a Social Security number to get a job, collect Social Security benefits, and access some other government services.



Individuals who are employed and receive wages must have an SSN or apply for one. Every employer who sets up payroll and pays an individual wages must request the employee's SSN and report the employee's wages using that number. Parents must also obtain an SSN for any child that the parent(s) claim on an income tax return.

SSNs are issued by the Social Security Administration (SSA), and anyone who is eligible to have an SSN may apply for one by completing an application known as the Form SS-5. Any taxpayer with an SSN must use the SSN as an identifying number on their tax returns.

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- * Every employer who sets up payroll and pays an individual wages must request the employee's SSN and report the employee's wages using that number.

Who Needs an SSN?

- U.S. citizens
- Any amount that the recipient pays for the benefit
- Noncitizens authorized to work in the U.S. by the Department of Homeland Security (DHS)
- Noncitizens admitted to the U.S. lawfully without DHS work authorization, but who have a qualifying reason, besides work, to need an SSN
- Noncitizens who need an SSN to receive a certain service or benefit



What is an ITIN?

An Individual Taxpayer Identification Number (ITIN), is a tax processing number that is issued by the IRS for individuals who are not eligible for an SSN, such as a foreign national or nonresident alien, but are required to file certain federal tax or information returns.



ITINs are issued by the Internal Revenue Service (IRS). Like an SSN, an ITIN number is nine digits in the format xxx-xx-xxx. But the first digit will always be a 9, and the second section of the number will be in the range of 70-88 (e.g., 9xx-88-xxxx). According to the IRS, 4.35 million people paid more than 13.7 billion in net taxes using an ITIN in 2015.

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Who Needs an ITIN?

- Foreign nationals who must file taxes but don't qualify for SSNs
 - Non-resident aliens who don't qualify for SSNs but must file a U.S. tax return, either to pay taxes owed or to receive a refund
 - U.S. resident aliens (determined by number of days present in U.S.) filing a U.S. tax return
 - A spouse or dependent of a U.S. citizen, resident alien, or non-resident alien visa holder
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- * According to the IRS, any ITIN issued after January 1, 2013 automatically expires in five years, even if the individual properly and regularly uses the ITIN.



IRS Uniform Policy on ITINs

The [IRS reported](#) in 2014 that only about a quarter of the ITINs issued since the program began in 1996 had been used on tax returns. The IRS also announced that any ITIN issued after January 1, 2013 would automatically expire in five years, even if the individual properly and regularly uses the ITIN. But this would have resulted in taxpayers who are foreign nationals, resident aliens, or nonresident aliens who have U.S. tax obligations needing to reapply every five years and filing returns under different ITINs. So, under the policy, if a taxpayer files a return using an ITIN at least once every five years, the ITIN will not expire. Taxpayers needed to renew their ITIN should complete a new [Form W-7](#).



What is an EIN?

An Employer Identification Number (EIN) — also known as a Federal Tax Identification Number — is a nine-digit number issued by the IRS. An EIN identifies the tax accounts of employers and certain other businesses that have no employees. EINs are to businesses what Social Security numbers are to individuals. EINs help the IRS sort out who needs to file what tax returns.

Every business that pays employees or is required to file any business tax returns is required to obtain an EIN. EINs can be obtained from the IRS by following the instructions in IRS Publication 1635, Understanding Your EIN.



- * Every business that pays employees or is required to file any business tax returns is required to obtain an EIN.

Who Needs an EIN?

You will need an EIN if you:

- Operate your business as a corporation or partnership
- Have employees
- Have a Keogh plan
- Withhold taxes on non-wage income paid to a non-resident alien
- File any of the following tax returns: Excise, Employment, or Alcohol, Tobacco, and Firearms
- Are involved with any of the following types of organization: trusts (except certain grantor-owned revocable trusts, IRAs, Exempt Organization Business Income Tax Returns), estates, real estate mortgage investment conduits, non-profit organizations, farmers' cooperatives, or plan administrators

Aside from tax purposes, you may also need an EIN to:

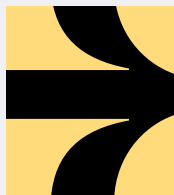
- Open a business bank account or business credit card
- Apply for business licenses and permits



Justworks Can Help

Justworks takes the busyness out of growing a business and alleviates the unknown. We've combined a simple platform and exceptional 24/7 customer service with the power of a PEO, so all teams have more time to focus on what matters.

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