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MEMORADUM

TO: Early Intervention Providers

FROM: Janet D. Gully, Chief
Bureau of Early Intervention

DATE: 10/21/09

RE: W-9 Questions regarding LLC-Disregarded Entities

When a provider completes the enrollment/credentialing packets from Provider Connections, they must complete the W-9 Request for Taxpayer Identification Number and Certification as part of the packet. The enrollment packet gives guidance on completing the form and the W-9 itself has good instructions. One interesting piece, that is not well known, is that the provider who registers their business as an LLC (Limited Liability Company) -Disregarded Entity, must use the owners name attached to either their Social Security Number or the owners name attached to an EIN (Employer's Identification Number).

The rules behind LLCs are established by each governing state, not the IRS. If a provider chooses to establish an LLC, they have three options: Disregarded entity, Corporation and Partnership. A provider should consult a tax accountant to determine the best situation when setting themselves up as a business or even as self-employed individuals. Many providers wish to protect their social security number information from the public. This is well understood given the times we are living in. However, Early Intervention wants to help the provider understand the payment procedures mandated within the State of Illinois. These facts pertain only to payments from the State of Illinois / Illinois Office of Comptroller. Again, we request a provider to consult a tax accountant for more specific business/tax guidance.

The instructions within the W-9 indicate that the owner must list their legal name on the first line (matching their federal tax return). They may list their business name on the second line. Then they complete the address information. In **Part I** of the W-9 application, page 1, the provider enters the tax ID number. If the provider is an LLC-Disregarded entity, the Taxpayer Identification Number may be either the owner's Social Security Number or the owner's EIN. The owner's EIN (if not using the social security number) must be one that is registered to the owner's name not the business/entity name. For the Illinois Office of Comptroller to pay a provider who is registered as an LLC – Disregarded entity, the EIN must match the individual not the business. The payment is made out to the individual, not the business name. If a provider applies for an EIN under a business name and lists that EIN on their W-9, the Illinois Office of Comptroller cannot issue payments to that provider or business because the W-9 is not filled out correctly. The instructions of the W-9, page 3 / Part I. Taxpayer Identification Number (TIN) explains:

“If you are a single-member LLC that is disregarded as an entity separate from its owner (see Limited liability company (LLC) on page 2), enter the owner's SSN (or EIN, if the owner has one). **Do not enter the disregarded entity's EIN.**”