



American Institute of CPAs
1455 Pennsylvania Avenue, NW
Washington, DC 20004-1081

February 20, 2013

Mr. Steven T. Miller
Acting Commissioner
Internal Revenue Service
CC:PA:LPD:PR (REG-148873-09)
Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

RE: REG-148873-09, IRS Truncated Taxpayer Identification Numbers

Dear Acting Commissioner Miller:

The American Institute of Certified Public Accountants (AICPA) is pleased to have the opportunity to submit comments on REG-148873-09, proposed regulations regarding truncated taxpayer identification numbers. In general, REG-148873-09 implements the pilot program announced in Notices 2009-93 and 2011-38, which authorize filers of certain information returns to voluntarily truncate an individual payee's nine digit identifying number on specified paper payee statements furnished for calendar years 2009-2012.

The AICPA applauds the Internal Revenue Service's (IRS's) issuance of REG-148873-09. We believe the proposed regulations are a positive step towards protecting the privacy and security of personal information. In our July 18, 2011 comment letter on Notice 2011-38, we urged the IRS to make the taxpayer identification number truncation initiative permanent, as opposed to remaining a pilot program.¹ We appreciate that the proposed regulations: (1) make the truncation program permanent; and (2) extend the scope of the IRS truncation program to permit filers to furnish payee statements electronically. Our primary comment on the proposed regulations (as stated below) recommends an extension of truncation to a greater number of tax forms and returns.

The AICPA is the world's largest member association representing the accounting profession, with nearly 386,000 members in 128 countries and a 125-year heritage of serving the public interest. Our members advise clients on federal, state, and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

¹ The AICPA's [letter](#) dated July 18, 2011 to IRS on its Request for Comments on Truncating Social Security Numbers on Paper Payee Statements (Notice 2011-38).

Background

We believe that the proposed regulations are a necessary step in beginning to address the alarming growth in tax related identity theft cases. According to the National Taxpayer Advocate's 2012 Annual Report to Congress, identity theft cases handled by the IRS grew exponentially in fiscal year ("FY") 2012 over the prior year. The IRS's Identity Theft Protection Specialization Unit (IPSU) received about 450,000 cases in FY 2012, a 78-percent increase over FY 2011. Moreover, the report reveals that identity theft cases amounted to 25 percent of all case receipts for the Taxpayer Advocate Service in FY 2012.²

We also view the proposed regulations' publication as recognition of the increasing concerns about tax related identity theft and truncation of social security numbers (SSNs) in the tax practitioner community. The regulations' objectives are consistent with taxpayers' and practitioners' concerns and questions about the continuing need to receive paper documents that provide a taxpayer's full SSN.

Extension of Truncation to a Greater Number of Payee Statements

The AICPA's July 28, 2011 letter requested extension of the truncation program to permit the use of truncated SSNs on all types of tax forms and returns provided to a client, employee or other recipient. Unfortunately, as described in more detail below, there may be statutory or other limits placed upon the IRS's ability to expand the truncation initiative.

Under section 301.6109-4 of the proposed regulations, an IRS truncated taxpayer identification number ("TTIN") is defined as an "individual's SSN, IRS individual taxpayer identification number (ITIN), or IRS adoption taxpayer identification number (ATIN) that is truncated by replacing the first five digits of the nine-digit number with Xs or asterisks."

The preamble for REG-144873-09 expressly states that the IRS's ability to extend the truncation program to a greater number of payee statements by regulation is limited by statute. Thus, the proposed regulations do not extend truncation of taxpayer identification numbers beyond certain types of information returns already permitted under the pilot program.

We understand that limitations exist currently with regards to truncation on a Form W-2, Wage and Tax Statement. Under Internal Revenue Code section 6051(a)(2), employers are required to provide employees a written statement (i.e., Form W-2) with certain information including the employee's SSN. We urge Treasury and IRS to support any legislative proposal to change the section 6051 reporting requirement to permit truncation of employee SSNs on all copies other than the copy filed with the U.S. Social Security Administration (SSA). Nevertheless, our preference is for the Administration to consult with Congress for enactment of legislation to extend the use of truncated SSNs to all types of tax forms and returns provided to a client, employee or other recipient. The need for this expansive legislation is supported by the growing

² The National Taxpayer Advocate's 2012 Annual Report to Congress, January 9, 2013, Volume 1, The Most Serious Problems Encountered by Taxpayers, page 42.

Mr. Steven T. Miller

February 20, 2013

Page 3 of 3

concern over identity theft in general and the growth in the number of cases being handled by the IRS.

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Thank you for considering our views on REG-148873-09. If you would like to discuss our comments in more depth or have any questions, please feel free to contact me at (304) 522-2553, or jporter@portercpa.com; Kathy Petronchak, Chair of the IRS Practice and Procedures Committee, at (202) 758-1480, or kpetronchak@deloitte.com; or Benson S. Goldstein, AICPA Senior Technical Manager, at (202) 434-9279, or bgoldstein@aicpa.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey A. Porter". The signature is written in a cursive, flowing style.

Jeffrey A. Porter, CPA
Chair, Tax Executive Committee