

Medallion Fulfillment & Logistics

20675 Nordhoff Street
Chatsworth, CA 91311
Phone: (800) 260-8250

Why You Need and How to Get a Federal Employer Identification (EIN) Number

If you own and operate a business, you may be required to [obtain a Federal Employer Identification Number](#) (EIN) and should consider doing so even if not required. Commonly referred to as a federal tax ID number, an EIN is like a social security number for your business. Just as your social security number is used to identify you as a unique individual by government, financial and other institutions, an employer identification number is used to identify a business as a unique entity by government, financial, tax and regulatory agencies. Obtaining and using an EIN to identify your business to the Internal Revenue Service and the various federal agencies that regulate businesses is a smart way to separate and differentiate between your personal and business obligations and liabilities.

Issued by the IRS as a tax identification number, an EIN is a unique identifier assigned and tied to the individual owner of a specific business. EINs are used by employers, sole proprietors, corporations, partnerships, non-profits, government agencies and certain other business entities. By using an EIN to identify their business, sole proprietors who have been using their social security number as both a personal and business identifier can create an important layer of legal separation and privacy between their personal and business affairs. Using an EIN rather than a social security number for business transactions prevents access to the personal information tied to your social security number.

An EIN provides the additional benefit of creating a continuous business identity even if the name, focus or location of your business changes. This allows business owners to capitalize on tax, financial or regulatory advantages developed in previous years. As long as business ownership and operating status do not change, your EIN follows your business through the inevitable cosmetic and directional changes that accompany the definition and growth of a business. You can use the same EIN even if you change the name or address of your business or add additional locations. However, because an EIN is issued to the specific owner of a business and not to the business itself, a change in ownership necessitates obtaining a new EIN. A new EIN must also be obtained if the status of your business changes; for instance, if you incorporate your business or take on partners and begin operating as a partnership. A new EIN is also required when a business files for bankruptcy or establishes a profit sharing or retirement plan.

Despite its name, you do not need to be an employer to obtain an employer identification number. You are required to obtain an EIN if your business operates as a corporation or partnership or you offer taxable products or services, collect sales tax, have employees, withhold taxes on income, have a Keogh plan or file any type of federal tax return. However a business owner can apply for an EIN even if not required and will generally find it to his advantage. An EIN is required on income tax forms, employment tax reports, social security records and tax

Medallion Fulfillment & Logistics

20675 Nordhoff Street
Chatsworth, CA 91311
Phone: (800) 260-8250

payments and is required to apply for a business license. Most banks also require an EIN to open a business account.

The application procedure is simple and painless. While you can apply for an EIN by contacting your local IRS office and filling out form SS-4, online application is fast and easy. Available at www.irs.gov, the EIN application form can be completed online. As soon as you complete the online application, you will receive your EIN and can begin using it immediately. Make certain you download, save and print the EIN confirmation page. Because it takes about two weeks from the date of issuance for a new EIN to be fully integrated into the IRS data base, business owners must wait two to three weeks before filing electronic returns or making electronic payments. The EIN is a federal identification number. While many states also use the federal EIN, some require state identification numbers.

About the Author

Jan Stewart writes exclusively for [Medallion Fulfillment & Logistics](http://www.MedallionEnterprises.com), a family owned fulfillment service business located in the Los Angeles metropolitan area. When you need simple or comprehensive assistance with warehousing, order processing, and shipping for your store or e-commerce business, consider Medallion first. Visit them at www.MedallionEnterprises.com.