

# **Getting to Know Your EIN Number: A Step-By-Step Guide for Business Owners**

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Having a good understanding of the EIN (or Experian Credit Score) is essential for business owners who need to make informed decisions related to financing, credit availability, and more. An EIN is a numerical representation of an individual or company's creditworthiness. The higher the number, the better the chances of being approved for loan applications or obtaining favorable terms for financing.

**Step 1: Order Your EIN Report:** Before you can begin to understand your EIN score, you'll need to order a copy of your EIN report from one of the three major credit bureaus - Experian, Equifax, and TransUnion. With this report, you'll be able to access information such as payment history, open accounts, collections accounts, public records filings, and other factors that go into determining your score.

**Step 2: Understand What Factors Influence Your EIN Score:** It's important to note that there are five major factors which influence your EIN score: payment history (35%), current debt level (30%), length of credit history (15%), types of credit used (10%), and new credit inquiries (10%). Knowing what these factors are will help you manage them in order to improve or maintain your overall score.

**Step 3: Consider How Other Factors Impact Your Score:** In addition to these five main factors which influence your EIN score, other aspects such as income level and employment status may also have an impact on your overall rating. It's important to consider all relevant factors when making decisions about how best to manage your finances.

**Step 4: Take Action to Improve Your Score:** Once you understand what influences your EIN score, you can take actionable steps towards improving it. For example, if you have outstanding collections accounts or late payments on record with any of the three major bureaus then paying down these debts should help improve your overall rating over time. Additionally, making sure that all accounts are kept current and paid off in full each month can also aid in raising one's rating over time as well.

By taking the necessary steps outlined above and continuing to monitor one's financial health regularly each month business owners will be able to maintain their high EIN ratings while working towards their goals of obtaining favorable financing terms and other advantageous opportunities that come with having good credit.

## Chapter 1

# Understanding the Basics of EIN Numbers

An Employer Identification Number (EIN) is a unique nine-digit number used to identify your business for taxation and other legal purposes. It's similar to a Social Security Number, but it's designated for businesses instead of individuals. Businesses may use their EIN numbers to open bank accounts, apply for business loans or credit cards, or hire employees.

An EIN number can be obtained through the Internal Revenue Service (IRS). The application process is simple and straightforward: you must submit the appropriate forms online or through mail and wait for the IRS to issue your unique number. Once approved, you'll have access to your EIN number for future reference.

The first two digits of the EIN represent the type of entity that has been assigned the EIN, such as sole proprietor or corporation. The next seven digits are unique and are assigned in sequential order. Any changes made to the structure of the business, such as changing from a sole proprietorship to an LLC, will require getting a new EIN from the IRS.

When applying for a loan or line of credit, businesses may be asked for their EIN by lenders in order for them to determine if they meet certain criteria for loan approval. This information can also be used by creditors to check on the payment history of your business when deciding whether to extend credit or not. Additionally, when businesses have multiple locations, they need to assign separate EINs in order to register taxes separately at each location and make sure all filings are accurate.

It's important that businesses understand how their particular industry looks at EIN numbers and how they should best use them in order to maximize their chances of obtaining financing or credit. For instance, some lenders may look more favorably upon companies who have had their same EIN since establishment compared with those who frequently change their numbers due restructuring or reorganization efforts.

In addition to its primary purpose as an identification number, an EIN can also be used as a record-keeping tool. It's important that all businesses keep accurate records of their financial transactions and activities, and having an EIN associated with them can make this task easier. By tracking these records with a single identifier the EIN it makes organizing documents easier and helps prevent errors in tax filings.

Lastly, although it isn't required by law, many lenders view companies with an EIN favorably when considering a loan or other type of financing request so if you want to increase the chances of being approved for financing, obtaining one may be beneficial.

## Chapter 2

# Why Every Business Owner Needs an EIN Number

Every business owner needs an Employer Identification Number (EIN) because it is the primary way that the IRS identifies a business. An EIN acts as a “social security number” for the company, providing information to tax authorities which can be helpful in filing taxes and securing government benefits. It can also be used by financial institutions to open bank accounts on behalf of businesses and verify the identity of business owners or those wishing to do business with them. An EIN is unique for each individual entity, meaning that each business must have its own number.

Having an EIN can also provide additional financial and legal benefits to businesses. For example, an entity with an EIN may be able to claim deductions from their taxes as well as receive certain credits which are not available without one. Furthermore, it allows businesses to protect their assets from personal liability by ensuring that all assets are owned by the entity rather than individual owners. This can provide a level of protection for those who would otherwise have unlimited personal liability. Finally, having an EIN makes it easier for businesses to conduct transactions with other entities since they can use it as a form of identification instead of relying on personally identifying information such as social security numbers or driver's license numbers.

In short, having an EIN is essential for every business owner, regardless of size or industry. Not only will having an EIN make filing taxes easier, but it will also provide additional legal protection and help streamline operations when conducting transactions with other entities.

## Chapter 3

# How to Apply for an EIN Number: A Step-by-Step Guide

Getting an Employer Identification Number (EIN) is important for business owners as it allows them to file taxes and open bank accounts. An EIN is a unique nine-digit number issued by the Internal Revenue Service (IRS). Here's a step-by-step guide on how to apply for an EIN:

1. **Know If You Need an EIN** – Before applying for an EIN, determine if you need one. Generally, companies are required to obtain an EIN if they have employees, file payroll taxes, open a business bank account, or incorporate.
2. **Gather Necessary Documents** – To apply online for an EIN, you must have either a Social Security Number (SSN) or Employer Identification Number (EIN) of the responsible party and valid U.S. mailing address listed in the IRS database. You will also need information regarding the structure of your business: sole proprietorship, partnership, limited liability company (LLC), C-corporation or S-corporation.
3. **Submit Your Application** – You can apply for the EIN online through the IRS website or by mail using Form SS-4: Application for Employer Identification Number. The application process usually takes about 15 minutes for most filers and can take up to 4 weeks with paper applications submitted by mail.
4. **Receive Your Confirmation Letter** – Once your application has been approved, you will receive your confirmation letter with your new EIN number via U.S Mail within 4 weeks of submitting your application online and within 6 weeks if you mailed in your application form via traditional mail services like USPS or UPS.
5. **Record Your New Information** – Keep track of all new information including but not limited to, the date when you applied online/mailed in your application form, the name and address of who applied along with their Social Security Number/Employer Identification Number used on the application form, and lastly keep a copy of both sides of your confirmation letter received from the IRS for future reference as needed depending on each situation that may arise over time requiring proper documentation pertaining to this information moving forward with filing taxes and keeping official records updated regularly as needed according to federal regulations set forth by law currently in effect today concerning businesses operating domestically within U.S borders only at this time globally speaking on all levels across various markets worldwide both local and international alike regardless overall when it comes down to it officially speaking categorically speaking when it comes down to it from top level management superiors having purview authority over such matters typically laid out in writing beforehand covering ground legally mandated governing operational procedures legally binding contractual obligations parameter boundaries stipulations accordingly in question here today insofar being mentioned addressed discussed inquired into further regarding topic matter material at hand covered herein hereinabove below stated explicitly laid out provided offered given supplied articulated talked through discussed deliberated upon by two parties.

## Chapter 4

# Common Mistakes to Avoid When Applying for an EIN Number

### Common Mistakes to Avoid When Applying for an EIN Number

Getting an EIN number is a simple process, but there are some pitfalls that business owners should be aware of. Here are the top mistakes to avoid when applying for an EIN number:

1. **Not double-checking your information:** Before submitting your application, take the time to check your details. Make sure you've provided the correct name, address and other information related to your business. Inconsistencies in this data could delay the process or cause it to be rejected altogether.
2. **Assuming you can use a Social Security Number instead:** A Social Security Number (SSN) is only used by individual taxpayers and is not suitable for companies that operate as separate legal entities. It's important to remember that an Employer Identification Number (EIN) is different from and cannot replace an SSN.
3. **Confusing a FEIN with an EIN:** An FEIN (Filing Employer Identification Number) is not the same as an EIN (Employer Identification Number). An FEIN is simply a 9-digit number assigned by the IRS for filing tax returns, while an EIN is a unique identifier issued by the IRS for identifying a business entity for federal taxation purposes.
4. **Not being aware of state requirements:** Some states have their own laws related to company identification numbers or require businesses operating within their borders to obtain one from their state revenue department before obtaining a federal identification number from the IRS. Business owners should research their state's specific requirements before applying for an EIN number with the IRS so they don't miss any key steps in the process.
5. **Failing to keep track of changes in business ownership:** If there has been any change in ownership or structure since you last filed taxes, make sure you update your information on file with the IRS accordingly so they can ensure you're using up-to-date data when issuing your EIN number and managing your taxes going forward.

## Chapter 5

# What to Do if You Lose or Forget Your EIN Number

If you have forgotten or lost your EIN number, there are a few steps you can take to recover it.

First, contact the Internal Revenue Service (IRS) directly by calling their toll-free business and specialty tax line at 800-829-4933. The IRS should be able to provide your EIN number if you have the exact name of the business, address, and type of business entity used to obtain the original number.

Second, you can also check copies of any previously filed tax returns or other documents that list the EIN. These documents could include any of the following:

- \* Business loan applications
- \* Bank account opening forms
- \* Contractor payments reports
- \* State and local tax filings
- \* Retirement plan documents
- \* Partnership agreements
- \* 1099 forms with pertinent information to establish identity

Third, if you had an accountant or attorney who helped set up your business entity or fill out earlier tax returns, they may also be able to help you retrieve your EIN number.

Finally, if all else fails, you will need to file a Form SS-4 with the IRS in order to receive a new EIN for your business. Make sure to follow all instructions carefully on the form and provide accurate information in order for your application to be processed quickly and efficiently.

## Chapter 6

# The Benefits of Having an EIN Number for Your Business

Having an EIN (Employer Identification Number) is a key step for any business. Obtaining one establishes you as a legitimate business and allows you to set up crucial financial accounts. An EIN number also provides protection against identity theft, increases the security of your finances, and allows your business to obtain certain legal rights.

The main benefits of having an EIN number include:

1. **Increased Security:** With an EIN number in place, you are creating multiple layers of identification and authentication that make it much harder for someone else to use your information fraudulently. With an EIN number in place, banks and other businesses can easily verify your identity and ensure that they're not carrying out financial transactions with someone else posing as you.
2. **Easy Access to Financial Accounts:** Having an EIN number makes it much easier for businesses to open banking accounts and apply for credit cards or lines of credit from lenders. Banks view an EIN as a form of assurance that the account holder is legitimate, so having one will make the process much smoother. Additionally, if your business ever needs to file taxes, it will be required to have an EIN number in order to do so.
3. **Establishes Legal Rights:** It can be difficult for a business without an established identity to pursue legal action if necessary or take advantage of certain government offers and incentives like tax breaks or grants. Having an EIN can provide some legitimacy in the eyes of the law, allowing you access to these types of opportunities should they become available to you down the line.

An Employer Identification Number is essential for any business owner looking to get serious about establishing their company's financial future and protecting themselves against potential problems down the road. From increased financial safety measures to easy access to account openings, having an EIN gives any business owner peace of mind knowing their company is running as smoothly as possible at all times.

## Chapter 7

# How to Update Your Business Information with the IRS Using Your EIN Number

Updating your business information with the IRS using your EIN number is simple and straightforward. Although the process may vary depending on the type of business entity you have, here is a step-by-step guide on how to do it:

1. Gather your business information. The necessary documents include a valid Employer Identification Number (EIN), your business address, the name of your business and its officers, the type of business entity, and tax year end date.
2. File Form 8822-B with the IRS. This form allows you to update any changes to your business information that may have occurred since you first applied for an EIN number or since you last updated it with the IRS.
3. Provide documentation of all changes in your business information. You will need to provide documentation such as a copy of your Articles of Incorporation, copies of resolutions that document changes in ownership or management, or other documents that reflect the change in your company's records (such as amended bylaws).
4. Send all relevant documents and supporting information to the IRS along with Form 8822-B. Make sure to include this form when filing other required forms or returns for federal tax reporting purposes.
5. If filing online, simply fill out Form 8822-B online and submit it electronically through the official IRS website. Once submitted successfully, you will receive an email confirmation from the IRS verifying that they received and accepted your form submission.
6. If filing by paper mail, mail all relevant documents along with Form 8822-B to: Internal Revenue Service Center Cincinnati, OH 45999 Remember to keep track of when you file Form 8822-B so that you can confirm any changes made within 60 days from submitting the form; this will ensure accuracy in processing times for any future returns filed using this new information.

## Chapter 8

# How EIN Numbers Affect Your Business Taxes

EIN numbers are essential for any business when it comes to filing their taxes. Your EIN number is a unique identification number issued by the Internal Revenue Services (IRS) that identifies your particular business entity for tax purposes, as well as other official documents.

Having an EIN number is not only important for filing taxes, but it also helps protect your assets from being seized by creditors. It also allows you to open bank accounts in the name of your business, and to apply for business loans or grants. Additionally, employers must have an EIN in order to withhold and pay employer taxes such as payroll and unemployment withholding taxes.

When filing taxes, there are several benefits that come with having an EIN. The most obvious benefit is that it allows businesses to separate their personal finances from their business finances which makes them more organized and easier to manage. Additionally, because your EIN number clearly identifies the business entity, it makes filing tax returns much simpler since you don't need to provide detailed information about yourself on the return and can focus solely on providing financial information about the actual business. Lastly, if you own multiple businesses with different structures such as corporations or partnerships then having a separate EIN for each entity will make filing taxes much easier since each entity will be treated separately.

Ultimately, having an EIN number is essential for all businesses when filing taxes and provides many more benefits than just simply making tax returns easier. Not only does it help keep track of financials between the business and personal accounts, but it can also help protect assets from creditors and provide access to various financial resources like banks accounts and loans. Properly managing your business's finances will make all these processes run much smoother while ensuring that everything stays organized in preparation for tax season!

## Chapter 9

# How to Use Your EIN Number to Build Business Credit

Using your EIN number to build business credit is an essential part of running a successful business. Having access to credit is important for investing in new inventory, advertising, and more. Here's how:

1. First, obtain your EIN from the IRS. This can be done online or by phone. You must have a valid Social Security Number or Employer Identification Number (EIN) to register for an EIN.
2. Once you have obtained your EIN, you should begin establishing a good credit rating with the business credit bureaus such as Experian Business, Equifax Small Business, and Dun & Bradstreet Credibility Corp. These organizations keep records on businesses and will provide a detailed report on your company's payment history and financial performance.
3. To establish good credit ratings, make sure you pay all creditors on time and establish relationships with vendors that report to at least one of the three major business credit bureaus. Paying bills on time will improve your company's credit score while late payments could lead to negative impacts such as increased interest rates or even denial of loans or lines of credit in the future.
4. Once you have established an account with one of the major business credit bureaus, it is important to monitor your reports regularly so that any mistakes can be corrected quickly before they become too damaging for your business's overall financial picture. Also ask suppliers who do not report to one of the three major agencies if they can issue you a trade reference about payments made on time so that this information can also be included in your customer profile with these agencies too.
5. Many lenders also offer programs specifically designed for small businesses that are looking to build their own respective business credits through secured loans or lines of credit backed by tangible assets such as inventory, accounts receivable or vehicles used by the company day-to-day operations; allowing them access to lower-cost financing options and improved access potential lenders in general down the road if needed when applying for future loans or lines of credits regardless if secured or unsecured type product offerings being requested at that point in time due various reasons beyond anyone's control..

## Chapter 10

### **Advanced Uses for EIN Numbers: Multiple Entities and Mergers.**

When managing multiple businesses, it's important to have separate EIN numbers for each business to ensure the entities are kept separate. This is especially important if one of the entities is a subsidiary or a parent company. It can also be beneficial in the event of a merger between two companies. In this case, both companies will need to maintain their own EIN numbers in order to complete the necessary paperwork and taxes. Each entity also needs its own EIN number in order to keep its financial records separated from those of other businesses. Additionally, having separate EIN numbers allows each business to easily manage payroll and register for business licenses with local or state authorities.

In some cases, two businesses may decide to merge but maintain some degree of separation between their operations. This is known as a "partnership-in-fact" relationship and requires both companies to register with the IRS separately and receive individual EINs. If a merger happens between corporations, meanwhile, then only one corporation keeps its existing EIN number while any subsidiaries associated with it become part of that corporation's financial identity and must use their parent company's EIN number on all official documents and tax returns.

Getting an accurate understanding of how your organization utilizes multiple entities—and keeps them separate through proper utilization of different EIN numbers—is essential for successful management and compliance with regulations set by local or federal authorities. Knowing how these different entities interact can help you better understand the complexity of running multiple businesses under one umbrella organization.