



KPB Immigration Law Firm

San Francisco (415) 777-4445

Los Angeles (323) 782-3877

Check **KPB website** for offices throughout the state

Article: A guide to opening a business in California, Part 3

By: Christopher A. Kerosky

Obtaining a Federal Tax I.D. Number

This is the third in a series of articles written for the purpose of assisting persons who intend to start a business in California. It is designed for the small business owner who may not be familiar with California law or procedures. In the last article, I discussed registering one's business with the County by filing a fictitious business name statement. In this article, I will describe the process of getting a federal employer identification number and opening a bank account.

Third Step: The Federal Employer Identification Number.

The federal employer identification number (EIN) is a 9-digit number assigned to corporations, partnerships, sole proprietorships estates, trusts and other entities for tax filing and other purposes. As a business, an EIN is necessary before you can hire employees, pay taxes and even open a bank account. Moreover, the federal employer identification number is often easier to get than a social security number and some foreign nationals use it instead of a social security number. Although not approved by the government, it is sometimes used as a way around the difficulty that non-citizens who are self-employed and cannot obtain social security numbers.

The federal employer identification number is your business' form of identification with the government. It is the number listed on the federal tax return for your business. It is also listed on the employee payroll reports the business files with the federal government, if you have employees. And you may wish to give this number – rather than your social security number – to the bank to associate with your business bank accounts.

A business entity needs only one EIN, no matter how matter different types of business it does or locations it has. However, if a sole proprietor or partnership incorporates, it needs to obtain a new EIN.

Contrary to many mistaken beliefs about employer identification numbers, they do not result in higher taxes or any special fees for businesses who obtain them. The process of getting one is free and does not require a lawyer. Moreover, they are required by law for most businesses. Partnerships, LLCs, and corporations need employer identification numbers whether they have employees or not. Only sole proprietors with no employees do not need employer id numbers because they can use their own Social Security number instead.

The federal employer identification number is obtained through the Internal Revenue Service (IRS). There are three ways to get the EIN: on line, by fax or by mail.

To get the number on line, simply go to [Apply for EIN online \(IRS\)](#). Click “Employer ID Numbers” under “Topics”. Follow the easy instructions stated there. You can obtain a EIN immediately.

The IRS has also set up an easy system whereby you can get your employer identification number by phone. You simply call the special IRS telephone number set up for this purpose.

You need to prepare the application form in advance – it is IRS Form SS-4. The person calling must be authorized to sign the form or be an authorized designee of that person.

When you call the IRS, you simply provide the pertinent information from the IRS form and you will get your federal employer identification number immediately, over the phone. Then you simply send in the completed SS-4 form or fax it to the IRS Service Center with the employer identification number filled in on the form.

As mentioned above, the federal employer identification number is sometimes used by immigrants in business here who cannot obtain a social security number. As most foreign nationals know, the U.S. Social Security Administration has greatly limited the ability of non-citizens to get a social security number now. Permanent residents can get them, as can persons on temporary visas which provide the right to work in the U.S. during the pendency of the visa. But for persons on temporary visas, the card states: “Valid Only with work authorization”. Persons here on tourist visas, business visas and most student visas cannot get a social security card, as of course, those persons who are here without status.

The EIN can be obtained by persons who have a business here in lieu of a social security number. This is often used by persons without a social security number to open a business, open a bank account and pay taxes. While the government does not condone this behavior, it is widely done.

In short, the federal employer identification number is an easy-to-obtain, useful and even necessary tool for any business in California. It should be one of the first steps you take when starting your business.

Check latest immigration news and developments in [KPB Blog](#)

About the author:

CHRISTOPHER A. KEROSKY is a partner with Wilson Purves in the law firm of KEROSKY PURVES & BOGUE, with offices located in San Francisco, Santa Rosa, Ukiah, Napa, Walnut Creek, San Jose, San Rafael and Sacramento. Mr. Kerosky has been an attorney licensed to practice law in California for 25 years. He is a graduate of UC Berkeley (Boalt Hall) School of Law and a former trial lawyer for the Civil Division of the U.S. Department of Justice in Washington D.C. For 9 years, he has been honored as one of Northern California’s top lawyers by San Francisco Magazine, “Super Lawyers” edition. Mr. Kerosky speaks English, Spanish and Polish and has also working knowledge of Russian.

WARNING: The article above is not intended to be a substitute for legal advice. We recommend that you get competent legal advice specific to your case.