NATIONAL SOFTWARE INC

TIN MATCHING: YOUR INSURANCE POLICY FOR IRIS FILING

IRS-APPROVED IRIS TRANSMITTER

FOR TAX YEAR 2026

About 1099FIRE

1099FIRE is an IRS-approved IRIS transmitter with validated TCC credentials. We provide end-to-end information return filing services so your organization can file through IRIS without needing to obtain your own TCC, build XML infrastructure, or manage the submission lifecycle in-house. Visit 1099fire.com to get started.

What This Guide Covers

- Why bad recipient data has always been a filer's biggest hidden liability, and why that liability just got sharper
- How IRIS catches a mismatched name and TIN the moment you file, instead of months later
- What a TIN mismatch actually costs once penalties, B-notices, and backup withholding are in motion
- Why TIN Matching is the cheapest, and really the only, insurance policy against an error you can't see coming
- The standing habits that keep mismatches from coming back year after year

Key Takeaway

A mismatched name and Taxpayer Identification Number used to be a slow-motion problem. You filed, and if something was wrong, the IRS told you about it three to six months later. Filing for tax year 2026 through IRIS removes that lag. Mismatches get flagged, or in the worst cases rejected outright, the moment you submit.

TIN Matching does not make that risk disappear. It is the one step you take before you file that turns a rejected submission or a future penalty notice into a non-event.

Section 1: The Due Diligence Problem Nobody Budgets For

1.1 Garbage In, Garbage Out

Most 1099 data was never entered by someone whose job was to get it right. Names come from intake forms filled out years ago, EINs get transposed, a sole proprietor files under a business name on one form and a personal name on another, a W-9 on file predates a legal name change. None of that is unusual, and none of it is checked before the forms go out, because checking it has never been anyone's full-time job. A percentage of the names and TINs sitting in your payer file are wrong right now, and you have no way of knowing which ones without looking.

1.2 What 'Later' Used to Mean

Under the old FIRE system, a bad TIN caused no visible problem on filing day. The return went in, was accepted, and the mismatch surfaced only when the IRS mailed a CP2100 or CP2100A notice, typically three to six months after the filing deadline. That gap functioned as an informal grace period. Errors sat quietly in your files for the better part of a year before they became anyone's problem.

Section 2: How IRIS Changes the Timeline

2.1 Real-Time Validation, Not a Notice Six Months Later

IRIS checks every recipient's name and TIN combination against IRS records at the point of submission, not after. A submission with a mismatch comes back with an "Accepted with Errors" status, so the problem is visible in your own filing dashboard during the season you filed it, rather than in a paper notice the following year.

2.2 When IRIS Rejects the Whole Filing

Some errors are worse than others. A recipient-level mismatch produces a form-level error you can correct and resubmit. A mismatch on the filer's own name and TIN is treated differently: it rejects the entire submission, not just one form within it. Either way, the correction clock is already running toward the same penalty tiers that applied under FIRE. IRIS finding the problem faster does not buy you more time to fix it.

> **Key IRIS TIN Error Codes**
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> SharedIRForm014 recipient's individual name and TIN don't match IRS records. Form-level error; correct and resubmit.
> SharedIRForm015 recipient's business name and TIN don't match IRS records. Form-level error; correct and resubmit.
> SMF018 the filer's own name and TIN don't match IRS records. Rejects the entire submission, not just one form.

Section 3: What a Mismatch Actually Costs

3.1 The Penalty Ladder

A bad TIN is an incorrect information return. That puts you squarely inside IRC sections 6721 and 6722: a penalty for filing an incorrect return with the IRS, and a separate penalty for furnishing an incorrect copy to the recipient. Both can apply to the same form.

When Corrected	Per-Return Penalty (2026 rate)
Within 30 days of the due date	$60
By August 1	$130
After August 1, or not corrected at all	$340
Intentional disregard	$680, or 10% of the amount required to be reported, whichever is greater — no annual cap

These per-return rates are indexed for inflation and adjusted annually, so confirm the current figures before using them to size your exposure. What doesn't change year to year is the structure: get one TIN wrong on one form, and you can be penalized twice.

There is no grace period sitting in front of that first tier either. Miss the due date by a single day and you are already at $60 per return.

Volume is what turns this from an annoyance into a real number. A hundred forms corrected after August 1 is not a $340 problem, it is a $34,000 problem. And because 6721 and 6722 are separate penalties, a batch where the same bad TIN also went out on the recipient copies can be penalized twice over.

3.2 Backup Withholding: The Cash Flow Hit

A penalty notice isn't the only consequence. When the IRS's post-filing matching turns up a mismatch, it sends a B-notice (CP2100 or CP2100A), generally three to six months after the deadline. You then have 15 business days to solicit corrected information from the payee, who has 30 days to respond. If the payee doesn't respond, you're required to begin backup withholding: 24% of future payments, withheld and remitted to the IRS instead of paid out.

A second B-notice on the same payee in a later year removes the grace period entirely; backup withholding starts immediately on receipt. And if you were required to withhold and didn't, the IRS can hold you liable for the 24% you should have collected, on top of any 6721 or 6722 penalty already in play.

Worth remembering that backup withholding lands on the payee as well as on you. Twenty-four percent off every future payment is real money to a contractor or an investor, and a mismatch can hold up their own return at the same time. Verifying a TIN before you file protects the working relationship, not just your paperwork.

3.3 Why This Compounds Under IRIS

Because IRIS surfaces a mismatch during your own filing window instead of in a notice mailed the following year, you now have clear, contemporaneous notice that something is wrong well before the B-notice process would ever start. That's useful if you act on it. It's a liability if you don't: "we didn't know" is a much harder argument to make when the error was sitting in your IRIS dashboard the day you filed.

Section 4: TIN Matching as an Insurance Policy

4.1 What TIN Matching Actually Does

TIN Matching is a free IRS e-Services program that lets a filer verify a payee's name and TIN combination against IRS and Social Security Administration records before a single form is filed. It doesn't file anything and doesn't fix anything. It just tells you, in advance, which names on your list are going to be a problem.

Method	Volume	Turnaround
Interactive	Up to 25 name/TIN combinations per session	Real-time
Bulk	Up to 100,000 name/TIN combinations per file	Within 24 hours

4.2 The Real Value: It's Your Defense File

Catching a bad TIN before you file is the obvious benefit. The less obvious one is what TIN Matching leaves behind: a dated, IRS-generated record that you checked. If a B-notice or a 6721/6722 penalty

ever does show up, that record is core evidence for a reasonable cause defense, alongside the W-9s you collected and any solicitation letters you sent. Without it, you're explaining a wrong TIN with nothing to back you up except your intentions. With it, you're showing the IRS a specific, documented step you took to get it right.

The statute behind that defense is IRC 6724, which waives the 6721 and 6722 penalties where a filer can show reasonable cause or a significant mitigating factor, together with responsible behavior both before and after the failure. What you did before you filed is half of that test, and a dated TIN Matching result is about the cleanest evidence of it available.

That is the real function of TIN Matching. It is not a filing requirement in the way a due date is. It is insurance: a small, free step taken before the fact, that determines whether a mismatch costs you nothing or costs you a penalty, a withholding obligation, and a much harder conversation with the IRS.

Build It Into the Process

Treat TIN Matching as a standing step in the filing calendar, not a cleanup job you reach for once something has already gone wrong.
Collect a completed Form W-9 before you make the first payment to a new payee.
Run TIN Matching ahead of your filing deadline, not after it.
Keep a record of every mismatch you found and what you did about it. That record is the defense file.
Re-check recurring payees periodically. Legal names change, and so do TINs.

The Bottom Line

Under IRIS, a bad TIN is not a problem you discover next year. It's a problem you discover the week you file, with the same penalty clock already running. TIN Matching moves that discovery earlier still, to before submission, when fixing a name or a TIN costs you nothing at all.
As part of the filings we handle for you, we run TIN Matching against IRS records before anything reaches the IRS, so a mismatch gets caught while it's still free to fix, not after.

Don't Let a Bad TIN Become a Penalty

1099FIRE's TIN Matching program checks every name and TIN against IRS records before you file, so penalties, B-notices, and backup withholding never get a chance to start.
We also handle the rest of your 1099 filing requirements end to end: building, validating, and transmitting your returns through IRIS, and furnishing recipient copies. No TCC to obtain. No IRS authorization to manage.

Visit 1099fire.com to get started for tax year 2026

Call our friendly staff for more information – 480-706-6474

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