What Is an Employer Identification Number (EIN)?

An **Employer Identification Number (EIN)** is a nine-digit number issued by the Internal Revenue Service (IRS—the US tax authority). It identifies a business or another legal entity for US federal tax purposes. Its usual format is 12-3456789.

Despite the word “employer,” a business may need an **EIN** even when it has no employees. Corporations, partnerships, certain sole proprietors, trusts, estates, nonprofit organizations, and other entities may use one.

For NRIs who own or plan to start a US business, understanding **EIN FOR NRIs** is particularly important. You may need this number to file US business tax returns, hire employees, or complete banking and licensing procedures.

Quick Answer

An **EIN** is the federal tax identification number of a business or other qualifying entity in the United States. The IRS issues it free of charge. It is used on federal tax returns, employment tax forms, and many business records.

An **EIN** identifies the business. It does not replace the owner’s personal tax number or automatically give the owner permission to work in the United States.

Key Takeaways

- An **EIN** is a unique nine-digit federal tax number assigned to a business or qualifying entity.
- A business may need one even if it does not employ anyone.
- The IRS does not charge a fee to issue it.
- International applicants generally cannot use the IRS online application.
- Getting an **EIN** does not create a company, grant immigration status, or remove tax-filing responsibilities.

What Is an Employer Identification Number?

The ***Employer Identification Number*** is also called a Federal Tax Identification Number (a number used for federal tax records). The IRS uses it to distinguish one business entity from another.

Think of it as the business equivalent of a personal tax identification number. However, it belongs to the entity rather than to its owner.

A business may use its **EIN** when it:

- Files a US federal business tax return.
- Reports wages paid to employees.
- Pays employment taxes.
- Opens a business bank account, subject to the bank's rules.
- Applies for certain permits or business licences.
- Provides tax information to customers or payment platforms.
- Sets up an eligible retirement plan.

The number is permanent for the entity in most situations. A business should keep its IRS confirmation notice and use the same legal name and number consistently on tax records.

Who Needs an EIN?

Your business will generally need an **EIN** if it:

- Has employees.
- Operates as a corporation.
- Operates as a partnership.
- Files certain employment, excise, alcohol, tobacco, or firearms tax returns.
- Withholds tax on income paid to a non-resident alien.
- Maintains certain qualified retirement plans.
- Is connected with certain trusts, estates, nonprofit organizations, or similar arrangements.

A single-member LLC (Limited Liability Company—a business structure with liability protection) may not always need its own number for federal income tax purposes. However, it may still require one for employees, certain excise taxes, banking, state registration, or other business needs.

A sole proprietor (one person owning an unincorporated business) without employees may sometimes use the owner's Social Security Number (a US personal identification number). This depends on the business's tax and reporting obligations.

Do not apply only because a bank or formation service says every business must have one. First confirm the entity's federal, state, banking, and employment requirements.

EIN vs SSN vs ITIN

These three numbers serve different purposes.

- **EIN:** An **EIN** identifies a business or another qualifying entity for federal tax administration.
- **SSN:** A Social Security Number (a personal US government identification number) generally identifies an individual who is eligible to receive one.

- **ITIN:** An Individual Taxpayer Identification Number (a personal tax-processing number) is issued by the IRS to certain people who need a US tax number but are not eligible for an SSN.

An **EIN** belongs to the business. An SSN or ITIN belongs to an individual. Receiving a business number does not remove the owner's need for an appropriate personal tax number when one is required.

Why Is an EIN Important for NRIs?

An NRI (Non-Resident Indian—an Indian living outside India) may own a US business while residing in India or another country. For example, an NRI may form a US LLC to provide software, consulting, or e-commerce services.

In such cases, **EIN FOR NRIs** may be relevant for:

- Filing required US business tax forms.
- Reporting payments made to employees.
- Communicating with the IRS about the business.
- Completing tax paperwork requested by a US bank or payment provider.
- Applying for certain business permits.
- Giving customers the entity's tax details when legally required.

However, an **EIN** does not prove that the business has met all its US tax obligations. Foreign-owned entities can have extra reporting requirements even when they have little income or owe no federal income tax.

For example, certain foreign-owned US disregarded entities (businesses not treated separately from their owners for federal income tax) may have Form 5472 (a report of specified foreign-related transactions) and a pro forma Form 1120 (a supporting corporate return) filing requirement. These rules should be checked separately because missed filings can lead to significant penalties.

Example: An NRI Starting a US LLC

Suppose Rohan lives in India and forms a single-member LLC in Wyoming to provide digital marketing services to US clients.

The LLC may need an **EIN** to open a business bank account and complete federal reporting. Since Rohan's principal business is outside the United States, he may not qualify to use the IRS online application.

He can instead prepare Form SS-4 (the application for a business tax number) and apply using an international applicant method allowed by the IRS. After receiving the number, he must still determine:

- Which US tax returns or information forms are required.
- Whether the LLC has state filing obligations.

- How payments from US clients will be reported.
- Whether the income is also reportable in India.
- Whether a tax treaty affects the final treatment.

The number identifies the LLC. It does not answer these tax questions by itself.

How Can NRIs Apply for an EIN?

International applicants can generally apply by telephone, fax, or mail. Applicants whose principal business is outside the United States or US territories cannot generally use the IRS online application.

Step 1: Form the Entity First

Complete the legal formation of the company before applying. Applying too early can create a tax account for an entity that was never properly formed.

Step 2: Complete Form SS-4

Form SS-4 asks for details such as:

- The entity's legal name.
- Its mailing and physical addresses.
- The type of entity.
- The reason for applying.
- The date the business started.
- Its expected number of employees.
- Its principal business activity.
- Its responsible party.

The responsible party (the person who ultimately controls the entity) must be identified correctly. A nominee (a person acting temporarily for the real owner) generally should not be listed as the responsible party.

Step 3: Choose an Available Application Method

International applicants may use the current telephone, fax, or mailing method listed by the IRS. Telephone service for international applicants is not toll-free.

Fax applications may be processed faster than mailed applications when a valid return fax number is supplied. Processing times can change, so applicants should check the current IRS guidance for obtaining an EIN before applying.

Step 4: Save the Confirmation Notice

Once the number is assigned, keep the confirmation notice in a secure place. Banks, tax professionals, payroll providers, and government agencies may request it.

The IRS generally limits issuance to one number per responsible party per day.

Is It Free to Apply?

Yes. The IRS does not charge an application fee.

Private companies may charge for preparing or submitting Form SS-4. Their fee is for assistance, not for the number itself. Avoid websites that appear to be official government portals but charge an unexplained “IRS fee.”

Common EIN Application Mistakes

- **Applying Before Forming the Business:** The legal entity should normally exist before its tax identification number is requested.
- **Entering the Wrong Responsible Party:** Use the person who ultimately owns or controls the entity. Do not automatically list the formation agent or nominee.
- **Submitting Multiple Applications:** Using several application methods can result in duplicate numbers and delayed records. Submit one application and follow up on it.
- **Using an Inconsistent Business Name:** The legal name on Form SS-4 should match the formation records. Differences in spelling, punctuation, or entity suffixes can cause verification problems.
- **Assuming the EIN Completes All Compliance:** The number is only an identifier. It does not replace federal tax returns, state reports, foreign-owner disclosures, licences, or Indian reporting.

When Does a Business Need a New EIN?

A simple change of business name or address does not always require a new number. A new one may be necessary when ownership or legal structure changes substantially.

Examples can include:

- A sole proprietorship becoming a corporation or partnership.
- A partnership ending and a new one being created.
- Certain changes in corporate ownership or structure.
- A new entity being formed after bankruptcy or reorganization.

The result depends on the entity type and the exact transaction. Check the IRS rules before applying again.

What If You Lose Your EIN?

First check:

- The original IRS confirmation notice.

- Previously filed business tax returns.
- Business bank records.
- Payroll documents.
- Licence applications.
- Records maintained by your accountant or formation service.

An authorized person may also contact the IRS Business and Specialty Tax Line and ask the IRS to search for the number after completing identity verification.

How Savetaxs Can Help NRIs

Savetaxs can help NRIs understand whether their US entity needs an **EIN**, prepare the required information, and identify connected US and Indian reporting obligations. This is useful when foreign ownership, cross-border income, or LLC reporting makes the position less straightforward.

CTA: Speak with a Savetaxs cross-border tax expert before filing your application or first US business return.

Frequently Asked Questions

1. Can an NRI obtain an EIN without an SSN?

An international applicant may be able to obtain an **EIN** even without an SSN. The correct treatment of the responsible party's identification field depends on the applicant's facts and the current Form SS-4 instructions.

2. Can an NRI apply for an EIN online?

Generally, the IRS online application is available only when the principal business is located in the United States or a US territory and the applicant meets the identification requirements. Overseas applicants normally use an international application method.

3. Do I need an EIN before forming a US LLC?

Form the legal entity first. The IRS advises applicants to complete state formation before requesting the number.

4. Does an EIN allow an NRI to work in the United States?

No. An **EIN** is a tax identification number. It does not grant a visa, work authorization, residency, or citizenship.

5. Does every single-member LLC need an EIN?

Not always for federal income tax purposes. It may still need one because of employees, excise taxes, banking requirements, state rules, or foreign-owner reporting.

6. How long does it take to receive an EIN?

Timing depends on the application method and IRS processing conditions. Telephone applications may provide the number during the call when accepted. Fax and mail applications take longer.

7. Does an EIN expire?

The assigned number generally does not expire. The IRS may close the entity's business tax account after proper notification, but it does not normally reuse that number for another entity.

8. Does getting an EIN mean the business owes US tax?

No. It only establishes a federal tax account for the entity. Whether tax is due depends on the business structure, activities, income, ownership, and applicable US tax rules.