

FUND FINANCE FRIDAY

Issuing EINs an Issue for International Entities

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As part of the routine “know-your-customer” onboarding process, lenders are required to obtain the employer identification number (“EIN”) and other tax and beneficial ownership information from borrowers and guarantors to their credit facilities. Yet borrowers and guarantors formed in foreign jurisdictions, such as the Cayman Islands and Luxembourg, have recently had difficulty obtaining an EIN because the Internal Revenue Service has shuttered many of its offices in response to the COVID-19 outbreak. We have heard reports that the IRS is not currently providing EINs to any foreign entities, and has not given a timeline for when it may begin to do so again (after calling the IRS, we were unable to verify if it might be issuing such EINs if applied for by mail). This is a widespread issue that could delay foreign borrowers and guarantors in their attempts to join credit facilities. As a workaround to permit their joinder now without any delay, certain lenders have become comfortable with marking the EINs as “Applied For” in their internal onboarding forms and requiring the EINs to be provided only when the IRS eventually issues them.