

## New Proposed Electronic Deposit Requirements

In April of 2010, the Financial Management Service discussed the possibility to end coupon processing of tax payments after December 31, 2010, this decision was in part of an overall U.S. Department of the Treasury strategy to increase electronic transactions with the public.

While, still not finalized, as of August 19, 2010, the Internal Revenue Service also proposed to eliminate the rules for making federal tax deposits by paper coupon, because the paper coupon system will no longer be maintained by the Treasury Department after December 31, 2010. These regulations, however, maintain the rules for depositing tax payments for businesses through the Electronic Federal Tax Payment System (EFTPS).

Generally, the coupon payments are used for the filing of federal payroll (941, 944 and 940) taxes, however are not limited to, but can also include the filing of 1120 and 990 taxes as well.

*What does this mean for you as a taxpayer?*

As a taxpayer, by the end of 2010, you will have had to enroll in the EFTPS system. EFTPS is a free service provided by the U.S. Department of the Treasury. With enrollment, you will be able to make payments via the website, a voice response system (phone), or special channels specifically designed for tax professionals, payroll services and financial institutions. You will also be able to make your tax payments 24 hours a day, 7 days a week, online or by telephone, and be assured, that it is quick, secure and accurate. The accuracy factor could also help to reduce payment related errors that can result in a penalty that may be more costly to you as the taxpayer. EFTPS can also allow you to schedule payments in advance up to but not more than 120 days for business taxpayers. This may allow you to rest easy that your tax payment will and can be made in case of emergency or vacation.

*How can I enroll for EFTPS and what information will I need?*

Enrolling in the service is fairly simple and quick. You can enroll online at [www.eftps.gov](http://www.eftps.gov) by clicking on the enrollment button. You will however, need some information to begin.

1. Your taxpayer identification number (EIN) for a business or SSN for individual payments.
2. An active bank account and routing number.
3. Your address as it appears on your IRS tax documents.

Then, just simply follow the instructions to enroll, your tax professional can also be of assistance in this procedure, and would be happy to help. Once you are enrolled, you should receive a pin number within seven to ten business days. You can use this pin number to make your payments by phone, but if you wish to make your payments online,

you must call 1-800-982-3526 to get a temporary internet password. If calling your payment in is more your style, just call 1-800-555-3453 and follow the prompts. Usually, upon enrollment, you are also sent a packet from EFTPS, discussing all of your options, and will also have instructions for payment. You are always given a confirmation number, please be sure you write it down in a safe spot for each tax payment you make, as, in the event that there is an error, you will have this information available when discussing the issue with the IRS.

*Have the filing requirements for time to file changed?*

The IRS requirements for filing, are not changing at this time. If your employment tax is \$2,500 or less per quarter (941) or per year (944), you may still submit your payment due with your tax return, timely, to avoid a penalty. If you are required to deposit your employment taxes because your liability is more than said above, you still have to file according to one of two deposit schedules: monthly or semiweekly, and this will be determined by your look back period. (Determined by the IRS)

If you have reported taxes of \$50,000 or less during your lookback period, you are a monthly depositor and as a general rule, must file your employment tax accumulated in that month by the 15<sup>th</sup> of the next month to be timely. As an example, October liability must be paid by November 15<sup>th</sup>.

If you have reported taxes of \$50,000 or more during your lookback period, you will be a semiweekly depositor and as a general rule, must file your employment taxes on Wednesday or Friday of each week, based on the following schedule:

- Employment taxes on payments made to your employees for pay periods dated on Wednesday, Thursday or Friday must deposit by the following Wednesday.

- Employment taxes on payments made to your employees for pay periods dated on Saturday, Sunday, Monday or Tuesday must deposit by the following Friday.

This means, that generally a semiweekly depositor has three banking days to make the deposit, and like always, if the date due is a bank holiday, it is due the following day without penalty.

For more information on filing requirements, please go to [www.irs.gov](http://www.irs.gov).

If you are in need of assistance enrolling on EFTPS, please feel free to call our office and discuss any questions or concerns you may have. We would be happy to help answer your questions or concerns, as well as be of assistance in your enrollment, please let us know how we can help you.