

## **Electronic Tax Payments**

The IRS is making it harder & harder to file paper coupons for tax payments. EFTPS is the preferred option for making all of your federal tax payments. EFTPS is a tax payment system provided free by the U.S. Department of Treasury. Pay federal taxes electronically - on-line or by phone 24 hours a day, seven days a week.

### **EFTPS**

EFTPS is the Electronic Federal Tax Payment System developed by the U.S. Department of the Treasury's Internal Revenue Service (IRS) and Financial Management Service (FMS) to enable taxpayers to pay their federal taxes electronically. The system allows taxpayers to use the phone, personal computer (PC) software, or the Internet to initiate tax payment reports to EFTPS directly. It's convenient, secure, and timesaving.

- EFTPS Online – Use the internet to make payments
- EFTPS Phone – Authorize payments using your telephone
- Use the payment options interchangeably, and you enroll only once.

It takes only minutes to make a tax payment using EFTPS. It's much less burdensome than writing checks, getting signatures on checks and last minute trips to the bank or Post Office. You're in control of initiating your payments. Your tax due date remains the same and no government agency has access to your account. You will receive an immediate EFT acknowledgement number to keep as a record of your tax payment. You can enroll in EFTPS onLine to make a payment, cancel a payment, review your payment history, change bank account information, print out a confirmation of your payment instruction and more.

### **Users of EFTPS**

- Any individual taxpayer making payments for Forms 1040, 706 estate, 709 gift taxes or installment payments can use EFTPS.
- Any business taxpayer can use EFTPS. Some business taxpayers are required to use EFTPS because they have met certain criteria. Specifically, if your total deposits of designated federal taxes (including employment taxes, income taxes, Railroad Retirement taxes, Social Security taxes, and various other types of non-payroll withholding) during a calendar year exceed \$200,000, you are required to use EFTPS beginning in the second succeeding calendar year. For example: if you had more than \$200,000 in deposits of designated taxes in a calendar year, you will be required to use EFTPS beginning January of the next year. Once you are required to use EFTPS, you will continue to be required in subsequent years, even if your annual tax deposits fall below \$200,000.

### **Advantages**

Make your tax payments no matter where you are when your taxes are due—24 hours a day, 7 days a week. Using the payment scheduling capability built into EFTPS-Direct, you can enter your payment instructions up to 120 days in advance. On the day before your scheduled due date, your payment(s) will be initiated. No more missed deadlines, coupons to keep track of, or last minute trips to the bank.

You have access to a 16 month payment history

EFTPS offers you many benefits over the traditional paper system:

- ▶ it's fast...you can make a tax payment in minutes
- ▶ it's accurate...because there are verification steps along the way, you are able to check and review your information before it is sent
- ▶ it's convenient...EFTPS is available to you by phone, PC Software or Internet—24 hours a day, 7 days a week
- ▶ it's easy to use...it's a step-by-step process that tells you what information you need to successfully complete your tax payment for any federal tax
- ▶ it's secure...EFTPS offers the highest levels of security on the Internet

### **Disadvantages**

You will no longer be able to rely on "float". However, the IRS is making changes so that checks are cashed immediately – greatly reducing float time. This also subjects you to more errors since the checks may be misapplied by IRS handlers.

### **Current incentive**

If you are using paper coupons to make your payments and receive a Form 941 deposit penalty, you can get a one-time refund of the penalty paid if you enroll in and use EFTPS for one year. To qualify for the EFTPS Penalty Refund Offer, you must pay the entire penalty and use EFTPS for one year and make all 941 payments on time through EFTPS. The IRS will automatically determine which employers have achieved four quarters of EFTPS use and refund the taxpayers most recent full-paid penalty if no other taxes are owed.

Tax payments are initiated by you. It's your responsibility to initiate the tax payment in a timely fashion. It will not occur automatically. Neither EFTPS nor the IRS can automatically take money out of your account. The IRS does not have access to your account. In fact, the IRS has more account information when you send in a check than when you make an EFTPS payment. This is because the funds are "pushed" to the IRS by your financial institution. The IRS receives the payment but does not know your bank routing or account numbers (which they have if you submit a check).

### **Enrollment**

To enroll in EFTPS you can log onto their web site at [www.eftps.gov](http://www.eftps.gov) or you can contact our office and request an enrollment forms and mail it to the Dept. of Treasury.

### **State Payments**

The state of Illinois is also offering electronic methods to pay taxes. You can make these payments through the Illinois Dept. of Revenue website located at <http://www.revenue.state.il.us>. By choosing to “web pay” you are authorizing an electronic payment & you will be prompted to set up a PIN if you wish this information to be stored for future use.

For information regarding other state requirements, please contact us.