



**EFTPS State Pilot  
Overview**

Sponsored by the U.S. Department of Treasury:  
Financial Management Service and Internal Revenue  
Service

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**Today's Tax Paying Process**

- **Electronic Payment Options**
  - Federal goal of substantially increased Electronic Payments
  - State Electronic Payment activity
- **Segregated**
  - Taxpayers are not able to initiate State and Federal Payments from one source

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## ▶ EFTPS

### ■ **Electronic Federal Tax Payment System:**

- Free Service to taxpayers from the United States Department of Treasury
- Enables Business and Individual Taxpayers to **pay** Federal Taxes Electronically
- Established November 1996
- Since Inception:
  - **Total Payment:** 500,000,000
  - **Total Dollars:** \$11.9 trillion



## ▶ EFTPS

### ■ **Payment Input Methods:**

- Online
- Telephone Voice Response System
- Bulk Provider (primarily large Payroll Service Companies)
- Batch Provider (primarily Tax Professionals)
- Toll-Free Customer Service Operator

### ■ **Enrollment:**

- Express Enrollment
- Up front registration can be modified Online as Financial or Tax Data changes



## ▶ **Benefits of Integrating Federal and State Payment Portals**

- **Concurrent State and Federal tax payment facilitates integration in payroll and accounting software**
- **Advantages to Business taxpayers**
  - Payment processing/posting is streamlined
  - A single PIN (and password for Internet) enhances Convenience, Security, and Payment History Information
  - Centralized payment authorization tracking makes for easier reconciliation of bank statements and accounting records
- **Advantages to State**
  - Links to other State and Federal web sites (such as e-file) helps taxpayer compliance and reduces burden
  - Domestic and International locations can participate



## State Solutions

### ▶ **EFTPS State Pilot for Business Taxpayers**

- **Financial Management Service & Internal Revenue Service Sponsored**
- **EFTPS will be modified:**
  - Input methods will collect State tax payment information in addition to Federal
  - Focus will be on State Withholding Taxes (Employer Tax Payments)
  - EFTPS will provide an ACH formatted file that the State or State's Bank will pick up for processing and payment origination
  - Only **Debit Payments** for **Business** taxpayers will be supported in the Pilot



## ▶ EFTPS State Pilot for Business Taxpayers

### ■ *Pilot States:*

- Illinois
- South Carolina

### ■ *Work Group States:*

- Arizona
- Kansas
- New York
- Virginia



## ▶ EFTPS State Pilot for Business Taxpayers

- *Existing State Enrollments will be converted to prevent taxpayer reenrollment*
- *Existing Federal e-payers will be given opportunity to add the State payment feature*
- *New taxpayers will be able to enroll in Federal and State Programs Online*
- *Express Enrollment*
- *EFTPS is not a replacement for existing State Systems*
  - Supplement
- *Federal and State funds will not be integrated*
  - Settlement of funds are separate and independent



### ▶ **EFTPS State Pilot for Business Taxpayers**

- ***The U.S. Department of Treasury will fund the Pilot for Pilot States***
  - Start up, Ongoing, and Maintenance Costs
  - Outreach Efforts
- ***Responsibilities of Pilot States***
- ***Cost Factors for Full Roll Out to Additional States:***
  - Equipment
  - Telecommunication
  - Network
  - Security
  - Exception Processing
- ***Target Pilot Launch Period: 2006***