

**CHAPTER 5. PAYMENTS BY ELECTRONIC
FUNDS TRANSFER**

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Authority

The provisions of this Chapter 5 issued under Section 9 of The Fiscal Code (72 P. S. § 9), unless otherwise noted.

Source

The provisions of this Chapter 5 adopted April 3, 1992, effective April 4, 1992, 22 Pa.B. 1561, unless otherwise noted.

§ 5.1. Purpose.

Section 9 of the FC (72 P. S. § 9) requires the Treasurer and the Secretary to promulgate jointly regulations requiring, in certain cases and with certain exceptions, payments of obligations due the Commonwealth by electronic funds transfer.

§ 5.2. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

ACH—Automated Clearing House—A Federal reserve bank, or an organization established by agreement with the National Automated Clearing House Association (NACHA), which operates as a clearing house for transmitting or receiving entries between banks and bank accounts, and which authorizes an electronic transfer of funds between the banks or bank accounts.

ACH credit—A transaction in which the taxpayer, through its own bank, originates an entry crediting the Commonwealth's bank account and debiting its own bank account for the amount of the payment due.

ACH debit—A transaction in which the Commonwealth, through its designated depository bank, originates an ACH transaction debiting the taxpayer's bank account and crediting the Department's bank account for the amount of the payment due.

Business day—The hours set by the Department on a day other than a Saturday, Sunday or the following holidays as set by the act of May 31, 1893 (P. L. 188, No. 138) (44 P. S. § 11): New Year's Day, Dr. Martin Luther King, Jr. Day, President's Day, Memorial Day, Independence Day, Labor Day,

Columbus Day, Veteran's Day, Thanksgiving Day and Christmas Day. For ACH credit taxpayers, the hours will be between 9 a.m. and 5 p.m. prevailing Eastern time. For ACH debit taxpayers, the hours are specified in the instructions provided by the Department.

EFT—Electronic Funds Transfer—A transfer of funds, other than a transaction originated by check, draft or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument or computer or magnetic tape so as to order, instruct or authorize a financial institution to debit or credit an account.

Fedwire—Federal Reserve Wire Transfer—A transaction utilizing the National electronic payment system to transfer funds through Federal Reserve Banks.

Treasury—The Treasury Department of the Commonwealth.

Source

The provisions of this § 5.2 amended November 5, 1993, effective March 1, 1994, 23 Pa.B. 5306. Immediately preceding text appears at serial pages (168277) to (168278).

§ 5.3. Payments required to be paid by EFT.

(a) Beginning July 1, 1992, a payment in the amount of \$40,000 or more shall be remitted using a method of EFT selected by the taxpayer. A taxpayer may choose the ACH debit method or the ACH credit method.

(b) Beginning January 1, 1993, a payment in the amount of \$30,000 or more shall be remitted using a method of EFT selected by the taxpayer. A taxpayer may choose the ACH debit method or the ACH credit method.

(c) Beginning January 1, 1994, a payment in the amount of \$20,000 or more shall be remitted using a method of EFT selected by the taxpayer. The taxpayer may choose the ACH debit method or the ACH credit method.

(d) This requirement applies to payment of only the following taxes:

Sales and Use	Corporate Net Income
Employer Withholding	Capital Stock-Franchise
Liquid Fuels	Bank Shares
Fuel Use	Title Insurance and Trust
Mutual Thrift Institutions	Company Shares
Oil Company Franchise	Insurance Premiums
Malt Beverage	Public Utility Realty
Motor Carrier Road Tax	Gross Receipts

(e) A taxpayer may satisfy the obligation to remit a payment by EFT by delivering a certified or cashier's check, in person or by courier with the appropriate return or deposit statement, to the Pennsylvania Department of Revenue, Bureau of Business Trust Fund Taxes, EFT Unit, Ninth Floor, Strawberry Square,

Fourth and Walnut Streets, Harrisburg, Pennsylvania 17128 on or before the due date of the obligation. Payments will not be accepted at other Department locations.

- (f) Separate transfers shall be made for each payment.

Source

The provisions of this § 5.3 amended November 5, 1993, effective March 1, 1994, 23 Pa.B. 5306; amended August 23, 1996, effective August 24, 1996, 26 Pa.B. 4089. Immediately preceding text appears at serial pages (198124) to (198125).

Cross References

This section cited in 61 Pa. Code § 5.7 (relating to miscellaneous provisions).

§ 5.4. Voluntary participation.

A taxpayer not required to remit payments by EFT may, upon approval from the Secretary, use the EFT method for tax payments.

§ 5.5. Taxpayer registration.

(a) A taxpayer anticipating making a payment of \$40,000 or more through EFT for July 1, 1992, through December 31, 1992, is required to register with the Department by completing the appropriate form. The Department will notify a taxpayer it anticipates will be required to register on or before April 1, 1992. A taxpayer notified by the Department is required to register with the Department by May 1, 1992.

(b) A taxpayer anticipating making a payment of \$30,000 or more through EFT for January 1, 1993, through December 31, 1993, is required to register with the Department by completing the appropriate form. The Department will notify a taxpayer it anticipates will be required to register on or before September 1, 1992. A taxpayer notified by the Department is required to register with the Department by October 1, 1992.

(c) A taxpayer anticipating making a payment of \$20,000 or more through EFT for January 1, 1994, through December 31, 1994, is required to register with the Department by completing the appropriate form. The Department will notify a taxpayer it anticipates will be required to register on or before September 1, 1993. A taxpayer notified by the Department is required to register with the Department by October 1, 1993.

(d) In each subsequent year thereafter, the Department will notify a taxpayer it anticipates will be required to register on or before September 1. A taxpayer notified by the Department is required to register with the Department by October 1.

(e) A taxpayer registered with the Department for EFT payment is not required to re-register unless the taxpayer wishes to change the method of payment.

§ 5.6. EFT payments.

(a) *General rule.* A taxpayer who is required to remit payments by EFT and who elects the ACH debit or ACH credit option shall ensure that each payment of tax is received by the Commonwealth's depository bank on or before the otherwise applicable due date.

(b) *ACH debit and credit taxpayers.* For ACH debit and credit transfers, there is a 1-day lag between the date on which payment is authorized and the date on which the transfer is executed. A taxpayer electing these ACH options shall make the appropriate arrangements to initiate payment on or before the first business day prior to the otherwise applicable due date.

(1) *Specific payment rules.* The taxpayer shall furnish the banking information necessary to generate ACH debits against its designated account. To initiate payment of a tax, the taxpayer shall contact the data collection center designated by the Department to report tax information by operator assisted, touch tone assisted or terminal assisted methods. At the end of the business day, the taxpayer's reported information will be processed by the data collection center and transmitted to the Commonwealth depository bank to generate the ACH debit instruction.

(2) *Changing ACH debit information supplied to the Department.* If a taxpayer elects the ACH debit payment option and the banking information necessary to generate ACH debits against its account changes, the taxpayer shall notify the Department of the change. The Department shall receive the new banking information at least 60 days prior to initiating the change.

(c) *ACH credit taxpayers.* A taxpayer electing the ACH credit option shall initiate each payment of tax by contacting its own financial institution and requesting the institution to transfer both the appropriate identifying information and payment to the Commonwealth's depository bank by an ACH credit. The transaction shall be initiated to ensure that the Commonwealth's depository bank receives it on or before the applicable due date.

(d) *Certified or cashier's check in lieu of EFT.* A taxpayer required to remit payments by EFT who does not elect the ACH debit or ACH credit option shall remit payments by certified or cashier's check in person or by courier to the Department, Bureau of Receipts and Control, 4th Floor, Strawberry Square, Fourth and Walnut Streets, Harrisburg, Pennsylvania 17128 on or before 4 p.m. of the due date of the payment.

(e) *Fedwire payment rules.* The Fedwire payment method may be used in emergency situations and only with prior approval of the Department.

(1) Emergency situations are limited to:

- (i) Change in bank accounts.
- (ii) Change in electronic payment methods.
- (iii) System failures within the banking system/ACH interface beyond the taxpayer's control.

- (iv) A new taxpayer establishing EFT procedures.
- (2) Prior approval of the Department may be requested in writing or by telephone. The Department will provide written verification of the appropriate approval or denial.
- (3) The Department will not approve more than two Fedwire requests per tax year for each reporting account.

Source

The provisions of this § 5.6 amended November 5, 1993, effective March 1, 1994, 23 Pa.B. 5306. Immediately preceding text appears at serial pages (168280) to (168281).

Cross References

This section cited in 61 Pa. Code § 5.7 (relating to miscellaneous provisions).

§ 5.7. Miscellaneous provisions.

- (a) A taxpayer who is required to remit payments by EFT shall initiate the transfer so that the tax due is deposited to the Commonwealth's depository account on or before the day that the tax is due. If a tax due date falls on a day other than a business day, the deposit by EFT is due on the first business day thereafter.
- (b) The EFT method of payment does not change current filing requirements for tax returns. If the EFT payment is not timely made or the tax return required is not filed by the due date, the provisions for late filing penalties, interest and loss of collection allowance apply as provided by law.
- (c) A taxpayer who is required to remit payments by EFT and who is unable to make a timely payment because of system failures within the banking system/ACH interface which are beyond the taxpayer's control will not be subject to penalty or interest for late payment or loss of collection allowance.
- (d) Errors made by the Treasury, the Department or their agents will not subject the taxpayer to loss of collection allowance or assessment of penalty or interest for late payment.
- (e) A taxpayer who is required to remit payment by EFT and who elects to remit the payment by courier as described in § 5.6(d) (relating to EFT payments) will not be subject to penalty or interest for late payment or loss of collection allowance if the courier fails to make timely delivery due to a force majeure.
- (f) For the first 6 months that a taxpayer is required to remit tax by EFT, the Department will extend a reasonable grace period to the taxpayer to resolve problems which arise with new administrative procedures, data systems changes and taxpayer operating procedures. To qualify for a grace period, the taxpayer shall demonstrate that a good faith effort to comply was made, or that circumstances beyond the taxpayer's reasonable control prevented compliance by the required date.

(g) A taxpayer who remits taxes by EFT shall indicate that fact on the return when it is filed. For the purpose of this chapter, "return" means the form designated for filing the report of taxes due for a period, including forms for making installments of estimated tax and tentative tax returns.

(h) The Department and the Treasurer will provide one or more methods for taxpayers who remit taxes by EFT to verify and acknowledge that the payments have been received by the Department.

(i) The Treasurer, the Department and the Secretary of the Budget will provide one or more methods for tax refunds of \$20,000 or more. The refunds will be available for the taxes listed in § 5.3(d) (relating to payments required to be paid by EFT). The taxpayer shall file a written request for the electronic transfer of a refund.

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