



**DAVID SCHNAID ACCOUNTANCY CORPORATION**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Federal Tax Deposit Changes on the Horizon for 2011**

In July of 2010, the US Department of Treasury enacted legislature in an effort to reduce paper transactions. Of specific interest is the ending of the Federal Tax Deposit (FTD, Form 8109-B) coupon system beginning in 2011. Under the FTD coupon system, businesses with total annual tax deposits of less than \$200,000 were allowed to make payments to the Internal Revenue Service by presenting a check and Form 8109-B to their financial institution, which acted as a government depository and financial agent in the transaction. This will no longer be the case.

In response to the Treasury announcement, the IRS has issued regulations **eliminating** the use of Form 8109-B (federal tax deposit coupons) as of December 31, 2010. New regulations require federal taxes to be deposited via EFTPS (Electronic Federal Tax Payment System) starting **January 1, 2011**. The new legislation covers the following taxes:

- Corporate income and corporate estimated taxes
- Payroll taxes
- Non-payroll taxes, including backup withholding
- Federal unemployment taxes
- Unrelated business income taxes of tax-exempt organizations
- Private foundation excise taxes
- Taxes withheld on non-resident aliens and foreign corporations
- Excise taxes reported on Form 720, Quarterly Federal Excise Tax Return

**Note:** businesses with \$2,500 or less in quarterly employment tax liabilities are still allowed to pay by check when filing their quarterly or annual returns.

While signing up and transferring payments will be a difficult change for some clients, there are benefits to doing so. These include the fact that IRS data indicates depositors using EFTPS are 31 times **less** likely to make an error resulting in a penalty than depositors using FTD coupons, as well as being able to schedule an EFTPS transaction 120 days in advance, 24 hours a day, 365 days a year. Furthermore, each electronic payment comes with an immediate confirmation number providing proof that the tax deposit has been scheduled and can be traced. These can be emailed to our office immediately, eliminating the hassle of providing copies of checks.

Registering for EFTPS is relatively easy. Be sure to have your federal taxpayer identification number and pertinent company information on hand prior to copying and pasting the following URL to your web browser:

<https://www.eftps.gov/eftps/>

Once you have filled out the online form and supplied the appropriate information, it will take about two weeks to receive a confirmation letter of the enrollment and a pin number with instructions by mail. Enrollment is never confirmed by email.

The IRS Website also has additional resources to help use EFTPS including Publication 4132 – A sheet that provides detailed explanation of the process of enrolling and paying taxes via the internet.

Of course, for more assistance in setting up payments through EFTPS, please call or email us at the office and we will be happy to walk you through the process.