

## ■ Electronic Funds Transfer Requirements for Prepaid Sales Tax Filers

### **TO:** Form PST-1 Filers

Beginning February 1, 1995, taxpayers that pay prepaid sales tax using Form PST-1, Prepaid Sales Tax Return, and Form PST-3, Prepaid Sales Tax Quarter-Monthly Payment, may pay their taxes to us by means of electronic funds transfer (EFT).

Form PST-1 filers with the largest prepaid sales tax liabilities will be **required** to pay their taxes to us by means of EFT beginning October 1, 1995.

Even if you are not required to use EFT, you may apply to participate in the EFT program.

### **What is electronic funds transfer?**

Electronic funds transfer involves payment of your periodic tax liabilities electronically instead of by check or other similar means. In short, you authorize money to be deducted from your bank account and credited to ours. This amount is then applied to your tax account.

Electronic funds transfer should not be confused with electronic filing. EFT changes only the manner in which certain types of tax payments are made. EFT

does not change how or when tax returns are filed.

### **Who is required to pay prepaid sales tax electronically?**

If your Illinois prepaid sales tax liability for calendar year 1994 is \$600,000 or more, you must begin making your payments by EFT beginning October 1, 1995.

See the rules in our Electronic Funds Transfer Guidelines for additional details.

### **How will I know if I have to pay by EFT?**

We will notify all mandatory EFT payers before August 1, 1995.

### **Will I still have to file a paper payment document if I pay electronically?**

All payment information normally contained in the PST-3 forms that you have been sending us will accompany the electronic funds transfer. Therefore, if you are paying by EFT, you will not have to file a paper PST-3 payment document.

However, you must continue to file your "paper" return, Form PST-1, in the usual manner.

Tax payments that accompany amended returns or assess-

ments may not be made by EFT.

### **What payment options do I have?**

You have two choices. You can make your EFT payments by

- Automated Clearing House Debit (ACH debit) or
- Automated Clearing House Credit (ACH credit).

As an emergency backup, we will allow payment by Fedwire when you fail to initiate ACH credit or ACH debit because of unusual circumstances.

### **What will EFT cost me?**

Your call to our data center is free when using the ACH debit option. We pay the processing costs.

You must pay the ACH credit charges imposed by your bank.

You pay the initiator's fees associated with Fedwire.

### **Are there penalties for late payment?**

The penalties for late payment and for underpayment of taxes are the same for EFT payers as for those who pay by other means.

**When must I make my EFT payments?**

The due dates for your EFT payments are the same as those for conventional payments. To ensure that we receive your payments by their corresponding due dates, you must initiate your payments at least one business day before they are due.

**What Illinois tax payments can be made electronically?**

You may make EFT payments for the following returns (you must continue to file the "paper" returns in the usual manner):

- PST-1, Prepaid Sales Tax Return
- ST-1, Sales and Use Tax Return

In addition, you may make the following payments by EFT (you do not have to file "paper" payment documents):

- PST-3, Prepaid Sales Tax Quarter-Monthly Payment (for accelerated prepaid sales tax filers)
- IL-501, Employer's Illinois Withholding Tax Payment Form
- RR-3, Sales and Use Tax Quarter-Monthly Payment (for accelerated sales and use tax filers)

- IL-1040-ES, Estimated Income Tax Payments for Individuals
- IL-505-I, Payment of Automatic Extension (for individuals)
- IL-1120-ES, Estimated Income and Replacement Tax Payments for Corporations
- IL-505-B, Payment of Automatic Extension (for businesses)

**Can I participate even if I am not required to pay by EFT?**

We encourage taxpayers to apply to make tax payments by EFT even if they are not required to do so. For information, contact us at the telephone numbers or address at the bottom of this bulletin.

**Questions?**

If you have questions or need more information, please call or write us. Our telephone numbers and address are printed at the bottom of this bulletin.



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BY AUTHORITY OF THE STATE OF ILLINOIS  
(18,200 copies - 01/95 - P.O. Number 50947)