

MEMORANDUM

TO:

FROM: Beth Bloomfield, Payroll Manager
Gary J. Block, CPA

SUBJECT: Electronic Tax Deposits

DATE: October 27, 1998

Starting January 1, 1999 Electronic Deposits May Be Required

Employers will be required to make all federal tax deposits electronically if payroll tax deposits exceeded \$50,000 in 1997. Employers have received an enrollment package from the Internal Revenue Service ("IRS"). Included in this package will be a Form 9779 to be used in selection the preferred method of electronic depositing.

The two methods that are being offered include:

1. **ACH DEBIT** – To initiate the deposit, a Treasurer Financial Agent would be contacted directly and the deposit would be debited to your bank account. We do not recommend this method because it would give the IRS direct access of your bank account.
2. **ACH CREDIT** – To initiate the deposit using this method, an employer works through their bank. Even though the bank might charge for this service, this is still the better choice as it denies the IRS direct access to your bank account.

If you do not have an enrollment package, and believe that you should have, please contact this office. **Note that it takes two to ten weeks for the IRS to process an enrollment application. The IRS has mandated a penalty of 10 percent on each deposit that is not deposited electronically after January 1, 1999.**

If you have any questions regarding electronic depositing, do not hesitate to contact us.

