



## CLIENT MEMO

### FEDERAL TAX DEPOSIT COUPONS TO BE DISCONTINUED

Beginning on January 1, 2011, Federal tax deposits made by paper coupons (form 8109) will no longer be processed. All taxpayers that currently use form 8109 coupons for their federal tax deposits will have to deposit their federal taxes through the Electronic Federal Tax Payment System (EFTPS) after the end of 2010. According to the Department of the Treasury, the new rule will apply to payment of corporate income taxes, corporate estimated taxes, excise and employment taxes, but not to payment of estimated individual income tax payments.

Additionally, this new requirement does not change the existing rules that permit some businesses paying a minimal amount of tax, \$2,500 or less, to make their payments with the related tax return. For example, employers with \$2,500 or less in quarterly payroll tax liability will still have the option to remit employment taxes with a timely filed quarterly or annual payroll tax return.

Using EFTPS to make federal tax deposits provides three major benefits to both taxpayers and the government. First of all, EFTPS users can make tax payments 24 hours a day, 7 days a week from anywhere there is a phone or Internet connection. EFTPS also significantly reduces payment-related errors that could result in a penalty to the taxpayer. In addition, the system helps taxpayers schedule future dates to make payments if they will be out of town or on vacation when a payment is due. EFTPS business users can schedule payments up to 120 days in advance of the desired payment date; individual users can schedule payments up to 365 days in advance. However, one important note, a disadvantage of the EFTPS is that payments must be made at least one calendar day before the due date and prior to 8 p.m. Eastern Standard time of that day.

#### How do I enroll?

1. Gather the following information –
  - Employer Identification Number (EIN) or Social Security Number
  - Bank account number and routing number
  - Address and name as they appear on your IRS tax documents.
2. Visit [www.eftps.gov](http://www.eftps.gov) –
  - Select the “*Enrollment*” tab
  - Enter the requested information
  - Select “*Business entity*” or “*Individual*”
  - Click “*Submit*”
3. Obtain your PIN and your Internet Password –
  - Your PIN will be mailed to you within 7 business days after your enrollment
  - After you obtain your PIN, call 1-800-982-3526 to obtain a temporary Internet Password
  - You will need both your PIN and your temporary Internet Password, the first time you log in to the website to make a tax payment. You will then be required to select a new Internet Password. You will need both your PIN and your new Internet Password for future website access.



Once you are enrolled you can make deposits via the automated EFTPS phone system or the EFTPS website [www.eftps.gov](http://www.eftps.gov). To make deposits by phone requires your identification number and PIN. To make deposits by internet requires your federal identification and both the PIN and Internet Password.

If you have any questions regarding the above, please do not hesitate to contact us. If you have not yet registered, please do so immediately.

**FISHMAN, BLOCK + DIAMOND, LLP**