

ALABAMA DEPARTMENT OF REVENUE  
ADMINISTRATIVE CODE

CHAPTER 810-13-1  
PAYMENT OF TAXES THROUGH ELECTRONIC FUNDS TRANSFER

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810-13-1-.01     Taxpayer Payment Procedures.

(1) Section 41-1-20, Code of Ala. 1975, authorizes the Department of Revenue to require certain business entities to make payments that exceed \$750 in a prescribed manner involving the electronic transfer of funds so that the funds will be immediately available to the State Treasury on the first banking day following the due date of payment. In general, payments will be required to be made electronically for business taxes listed in paragraph (2) below that are made by a corporation, partnership, limited liability entity, sole proprietorship, or other business entity. However, pursuant to the authority granted in Section 41-1-20(b)(2)c. of the Code of Ala. 1975, the following payments are excluded from the requirements herein and therefore the Rules of this Division will not apply and payment will be accepted via non-electronic means for:

(a) Payments made to the Collections Division,

- (b) Payments made to the Investigation Division,
- (c) Payments made to the Legal Division,
- (d) Payments made to the Alabama Tax Tribunal,
- (e) Payments made to settle taxpayer audits,
- (f) Payments made for assessments, and
- (g) Payments made for an invoice or any other billing notice issued by the Department.

(2) Payments for the following tax types will be subject to the EFT tax payment requirements of these rules:

- (a) Alabama Underground & Aboveground Storage Tank Trust Fund Charge
- (b) Business Privilege Tax
- (c) Mobile Communication Services Tax
- (d) Coal Severance Tax (State and local)
- (e) Composite Payments - K Entities
- (f) Composite Payments - S corporations
- (g) Contractor's Gross Receipts Tax
- (h) Corporation Franchise Tax and Permit Fee
- (i) Corporate Income Tax, including "S" corporations
- (j) Dry Cleaning Registration Fee
- (k) Fiduciaries
- (l) Financial Institutions Excise Tax
- (m) Forest Products Severance Tax (State and local)
- (n) Freight Line Equipment Companies' Tax
- (o) Gasoline Tax (State and local)
- (p) Gasoline Tax (Aviation)
- (q) Hazardous Waste Fee
- (r) Hydro-Electric KWH Tax

- (s) Income Tax Withholding Payments
- (t) Lodgings Tax (State and local)
- (u) Lubricating Oils Tax
- (v) Medicaid Health Care Taxes
- (w) Motor Carrier Fuel Tax
- (x) Motor Carrier Mileage Tax
- (y) Motor Fuels (Diesel) Tax (State and local)
- (z) Oil and Gas Privilege Tax
- (aa) Oil and Gas Production Tax
- (bb) Pari-Mutuel Pool Tax
- (cc) Playing Cards Tax
- (dd) Registration of Securities
- (ee) Rental or Leasing of Personal Property Tax (State and local)
- (ff) Sales Tax (State and local)
- (gg) Scrap Tire Environmental Tax
- (hh) Telegraph Gross Receipts Tax
- (ii) Telephone Gross Receipts Tax
- (jj) Tobacco Tax (State and local)
- (kk) T.V.A. Electric Payments
- (ll) Uniform Severance Tax
- (mm) Use Tax (State and local)
- (nn) Utility Excise Tax
- (oo) Utility Gross Receipts Tax
- (pp) Utility License Tax (2.2%)
- (qq) Wholesale Oil License Payments.
- (rr) International Registration Plan (IRP)

(rr) International Fuel Tax Agreement (IFTA)

(3) The above referenced list of tax types is not meant to be exclusive and the Department may at a later date implement EFT tax payment requirements for other business taxes.

(4) The \$750 threshold payment requirement amount shall be construed to mean the amount of a single payment from a business entity for taxes, fees, or other obligations.

(5) Local business entity taxes listed in paragraph (2) above, regardless of the amount, that are collected or administered by the Department shall be paid electronically when the corresponding state tax is subject to paragraph (1) above.

(6) If there is a conflict between these rules and any other rules applicable to taxes, these rules shall govern.

**Author:** Patricia Toles, Sherry Helms, Michael E. Mason,

**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 41-1-20, Act 2014-146.

**History:** Filed December 6, 1991; effective January 10, 1992.

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#### **810-13-1-.02      Definitions. Definitions.**

For the purposes of this chapter, the terms and phrases used in these rules shall have the meanings prescribed in this section, unless a different meaning is clearly indicated by the context in which the term or phrase is used.

(1) "ACH" or "Automated Clearing House" means a regional facility which performs inter-member (financial institutions) clearing of paperless entries between such institutions. ACHs are generally operated by the Federal Reserve, but can be operated privately, and use rules, procedures, and programs developed on a local basis by their participating financial institutions under the general direction of the National Automated Clearing House Association (NACHA). ACHs are distribution and settlement points for the electronic clearing of debits and credits between financial institutions, rather than the physical movement of paper items.

(2) "ACH Credit" means the electronic funds transfer payment method where transactions are initiated and generated by the taxpayer, cleared through the ACH system for deposit to the State Treasury.

(3) "ACH Debit" means the electronic funds transfer payment method where transactions are generated by the Department upon

the taxpayer's instruction and cleared through the ACH system for deposit to the State Treasury.

(4) "ACH Trace Number" means the unique number assigned to an electronic payment transaction by the financial institution originating the transaction.

(5) "Addenda record" means that information required by the Department in an ACH Credit transaction or Fedwire transfer which identifies the taxpayer, the tax type, the period covered, and the payment amount. See the definition for TXP Banking Convention.

(6) "Calendar year" means a twelve month period starting with the first day of January and ending with the last day of December.

(7) "Call-in day" means the day on which a taxpayer communicates payment information to the Data Collection Center.

(8) "Call-in period" means the specified time interval in each call-in day during which EFT payment information received by the Data Collection Center is processed for transactions occurring on the next business day. Payment information must be communicated to the Data Collection Center prior to 3:45 p. m. (Central Standard Time) on the call in day to clear the ACH for deposit in the State Treasury on the next business day.

(9) "Collected funds" means those amounts deposited in the bank which have been presented for payment and for which payment has actually been received, those funds which have completed the electronic funds transfer process and are available for immediate use by the State Treasurer. See Immediately Available Funds.

(10) "Commissioner" means the Commissioner of the Alabama Department of Revenue.

(11) "Confidential taxpayer identification number" means a confidential code assigned to each taxpayer which uniquely identifies the taxpayer and allows the taxpayer to communicate payment information to the Data Collection Center. The taxpayer will be given a separate confidential taxpayer identification number for each tax type.

(12) "Data Collection Center" means the third party vendor, who, under contract with the Department, collects and processes EFT payment information received from taxpayers.

(13) "Department" means the Alabama Department of Revenue.

(14) "Due date" means the date on which a payment is required to be made by a taxpayer under a revenue law of the State of Alabama.

(15) "Effective date of implementation" means the date which the taxpayer is approved by the Department to pay a tax type using EFT.

(16) "Electronic Funds Transfer" or "EFT" means any transfer of funds, using the methods specified in these rules, which are initiated through an electronic terminal, telephone instrument, computer or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. EFT does not include transactions originated by checks, drafts, or similar paper instruments.

(17) "EFT Unit" means the organizational unit within the Department which is primarily responsible for coordinating with the taxpayer concerning the payment of taxes using EFT.

(18) "Fedwire" - See definition for wire transfer.

(19) "Immediately available funds" means those amounts deposited in the bank which have been presented for payment and for which payment has actually been received, those funds which have completed the electronic funds transfer process and are available for immediate use by the State Treasurer. See Collected Funds.

(20) "NACHA" means the National Automated Clearing House Association, the regulatory body for the ACH Network.

(21) "Payment" means the total amount paid in a transaction, or transactions, for the tax, penalty, and interest liability for one tax type for a single required reporting period.

(22) "Payment information" means the data which the Department requires of a taxpayer making an EFT payment and which must be communicated to the Data Collection Center, or be provided in the TXP Banking Convention addenda record of an ACH Credit transaction. See definition of TXP Banking Convention.

(23) "Return" means the form designated by the Department as the required official form for reporting tax and other information.

(24) "State's Bank or Financial Institution" means a financial institution which will serve as a receiving depository for electronic payments.

(25) "TXP Banking Convention" means the format to be used in the free form field of the National Automated Clearing House Association (NACHA) CCD+ entry addenda record. The TXP

convention provides a method of paying taxes electronically when the taxpayer chooses to initiate an ACH Credit transaction, and the format is required by the Department when a taxpayer elects to pay its taxes using the ACH Credit payment option.

(26) "Taxpayer" means any person required to remit an amount to the Department whether it is for a tax, fee, license, or any other obligation. For the purpose of these rules, "person" includes any individual, firm, partnership, general partnership, limited partnership, joint venture, association, corporation, estate, trust, business trust, receiver, syndicate, or other group or combination acting as a unit, and includes the plural as well as the singular number.

(27) "Tax type" means a tax, fee, license or other obligation which is subject to the EFT payment requirements, each of which shall be considered a separate category of payment. The tax types for which taxpayers may be subject to the EFT payment requirements of Act 91-570 are identified in Rule 810-13-1-04.

(28) "Threshold amount" means the amount of which a payment made by a taxpayer for a tax type must equal or exceed for the taxpayer to be required to use EFT when making payments for the tax type. The threshold amount for the calendar year 1992 is \$100,000; the threshold amount for the calendar year 1993 is \$50,000; the threshold amount for the calendar year 1994 and all years thereafter is \$25,000.

(29) "Treasury" or "State Treasury" means the Treasury of the State of Alabama.

(30) "Verification code" means the code provided to the Data Collection Center by the taxpayer in initiating an ACH Debit transaction. Use of the verification code is a method of ensuring that the communication of payment information was complete and correct. The verification code uniquely identifies the completed communication of payment information, and can be used in subsequent research of a transaction.

(31) "Wire transfer" or "Fedwire" means an instantaneous electronic transfer of funds generated by the taxpayer through a correspondent bank or the Federal Reserve System to the State Treasury. Fedwire transfers are not a payment option. Fedwire transfers are used by taxpayers only in the case of an emergency and only with prior authorization from the Department.

**Author:** Ed Cutter.

**Statutory Authority:** Code of Ala. 1975, §§40-1-20 through 40-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

**810-13-1-.03      General Requirements.**

(1) Under the authority granted to the Department by Act 06-552, the Department establishes a requirement, that certain business entities owing the Department, in connection with a single transaction consisting of any tax, fee, or other obligations that are collected or administered by the Department shall pay such tax liability, fee, or obligation to the Department, in accordance with the procedures stated in these rules, no later than the date such payment is required by law, in funds which are immediately available to the State Treasury on the first banking day following the due date of payment.

(a) The determination as to which business taxpayers shall be subject to the remittance provisions of these rules is made by the Department, and is based on individual payments made to the Department during a calendar year, rather than the aggregate of payments made during a calendar year.

(2) The Department will make periodic determinations of those taxpayers who will be required to make payments in accordance with these rules. The Department will also review payments to identify additional taxpayers who will be required to make payments in accordance with the procedures stated in these rules.

(a) The Department will notify the selected taxpayers of the requirements of these rules at their last address of record.

(b) The Department will provide technical assistance and guidance to the selected taxpayers concerning the payment of taxes through EFT. An EFT hotline will be available to the taxpayers from 8:00 a.m. through 5:00 p.m. (Central Standard Time) each business day, with the exception of state holidays.

**Author:** Michael E. Mason, Ed Cutter.

**Statutory Authority:** §40-2A-7(a)(5), Act 91-570 and Act 06-552, as codified in Code of Ala. 1975, §§40-1-20.

**History:** Filed December 6, 1991; effective January 10, 1992.

**Amended:** Filed October 20, 2006; effective November 24, 2006.

**810-13-1-.04      Tax Types Covered.**

(1) Payments for the following tax types will be subject to the EFT tax payment requirements of these rules:

(a) Cellular Telecommunication Services Tax

(b) Coal Severance Tax (State and local)



- (c) Contractor's Gross Receipts Tax
- (d) Corporation Franchise Tax and Permit Fee
- (e) Corporate Income Tax
- (f) Financial Institutions Excise Tax
- (g) Forest Products Severance Tax (State and local)
- (h) Freight Line Equipment Companies' Tax
- (i) Gasoline Tax (State and local)
- (j) Gasoline Tax (Aviation)
- (k) Hazardous Waste Fee
- (l) Hydro-Electric KWH Tax
- (m) Income Tax Withholding Payments
- (n) International Registration Plan Annual Renewal Fees
- (o) Lodgings Tax (State and local)
- (p) Lubricating Oils Tax
- (q) Medicaid Health Care Taxes
- (r) Motor Carrier Fuel Tax
- (s) Motor Carrier Mileage Tax
- (t) Motor Fuels (Diesel) Tax (State and local)
- (u) Oil and Gas Privilege Tax
- (v) Oil and Gas Production Tax
- (w) Oil and Gas Severance Taxes (Local)
- (x) Pari-Mutuel Pool Tax
- (y) Playing Cards Tax
- (z) Registration of Securities
- (aa) Rental or Leasing of Personal Property Tax
- (bb) Sales Tax (State and local)
- (cc) Telegraph Gross Receipts Tax

- (dd) Telephone Gross Receipts Tax
- (ee) Tobacco Tax (State and local)
- (ff) T.V.A. Electric Payments
- (gg) Use Tax (State and local)
- (hh) Utility Excise Tax
- (ii) Utility Gross Receipts Tax
- (jj) Utility License Tax (2.2%)
- (kk) Wholesale Oil License Payments

(2) The above referenced list of tax types is not meant to be exclusive and the Department may at a later date implement EFT tax payment requirements for other types of tax.

**Author:** Ed Cutter.

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

#### **810-13-1-.05      Selection Of Taxpayers.**

(1) On a periodic basis, the Department will review the most recent payment history for a business entity taxpayer to determine if the payment history requires the taxpayer to make payments through EFT

(2) Whenever two or more taxes or fees are permitted to be paid on a single form, the total amount will be considered a single payment.

**Author:** Michael E. Mason, Ed Cutter, Joe Cowen

**Statutory Authority:** Code of Ala. 1975, §40-2A-7(a)(5), Act 06-552, as codified in §40-1-20 and Act No.91-570.

**History:** Filed December 6, 1991; effective January 10, 1992.

**Amended:** Filed October 20, 2006; effective November 24, 2006.

#### **810-13-1-.06      Notification Of Taxpayers (Repealed 11/24/06).**

(Repealed)

**Author:** Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

**Repealed:** Filed October 20, 2006; effective November 24, 2006.

**810-13-1-.07      Registration Of Taxpayers.**

(1) Upon a taxpayer being notified by the Alabama Department of Revenue that taxes, fees or other obligations collected or administered by the department must be paid electronically, the taxpayer shall register with the Department prior to making the required electronic payments, except for those taxpayers subject to paragraphs (a) and (b) below that make ACH Debit Method payments. Taxpayers subject to paragraphs (a) and (b) below that make ACH Credit Method Payments shall register with the Department prior to making electronic payments.

(a) Taxpayers are required to file certain state and local business tax returns electronically through the Department's Paperless Filing and Payment System (see Department of Revenue Regulation Number 810-1-6-.12, Taxes Required to be Filed Electronically). Taxpayers required to file certain tax returns electronically must make ACH Debit Method payments electronically through the Department's Paperless Filing and Payment System. No pre-registration is required with the Department to make an EFT ACH Debit Method payment through the Paperless Filing and Payment System.

(b) Taxpayers required to remit Alabama Withholding Tax in accordance with §40-18-71, Code of Ala. 1975, may also use the Department's Internet-based Paperless Filing and Payment System to file the required tax returns. Department of Revenue Regulation Number 810-3-74-.01, Withholding Returns and Payments, requires that taxpayers filing the withholding tax returns electronically must also make the payments electronically. Taxpayers required to make electronic payments for Alabama Withholding Tax must make ACH Debit Method payments electronically through the Department's Paperless Filing and Payment System. No pre-registration is required with the Department to make an EFT ACH Debit Method payment through the Paperless Filing and Payment System.

(c) All other taxpayers not subject to paragraphs (a) and (b) above that are required by these rules to make electronic payments shall complete and file Alabama Form EFT 001, Electronic Funds Transfer Authorization Agreement, with the Department's EFT Unit. The information required to be provided with Form EFT 001 includes:

1. Taxpayer name,
2. Taxpayer address,
3. Tax Type,

4. Tax code/account number,
5. Contact person-name and title,
6. Contact person-address,
7. Contact person-telephone number,
8. Contact person-fax number,
9. Payment method,
10. Other information as is deemed necessary by the Department to administer Act number 06-552,
11. Additional items of information is required if the ACH-Debit payment method is elected.

- (i) Bank name,
- (ii) Bank address,
- (iii) Bank routing and transit number,
- (iv) Bank account number,
- (v) The signature of the person authorized to sign checks on the bank account,
- (vi) Written verification from the taxpayer's bank confirming the bank routing and transit number and the taxpayer's bank account number.

12. A letter of justification must be attached if the ACH Credit payment method is elected.

(2) Upon receipt of taxpayer information from the Department, the Data Collection Center shall assign a confidential taxpayer identification number to the taxpayer which will be used by the taxpayer to communicate payment information to the Data Collection Center. The identification number shall be provided to the taxpayer at least 30 days prior to the date the first required payment is due under the EFT program.

(3) A taxpayer must provide at least a 30 day written notice of any change of information required by Form EFT 001, Electronic Funds Transfer Authorization Agreement, by submitting a revised Form EFT 001 to the Department.

(4) The Department prescribes Form EFT 001, Electronic Funds Transfer Authorization Agreement, as the form to be used for the purposes of this chapter and hereby incorporates this form by reference. Copies of this form may be obtained without cost by

written request to the Alabama Department of Revenue, EFT Unit, P.O. Box 327950, Montgomery, Alabama 36132-7950, or may be obtained from the Department's website [www.revenue.alabama.gov](http://www.revenue.alabama.gov).

(5) The Data Collection Center and its employees shall be bound by the same confidentiality requirements as the Department under the Code of Ala. 1975, as amended.

**Author:** Donna Joyner, Ed Cutter and Michael E. Mason

**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), Act No. 06-552 and Act No.91-570.

**History:** Filed December 6, 1991; effective January 10, 1992.

**Amended:** Filed October 20, 2006; effective November 24, 2006.

### **810-13-1-.08      Payment Alternatives.**

(1) The ACH Debit payment method will be the primary method used by taxpayers to make payments for a tax type using EFT. The ACH Credit method is a payment method available only to taxpayers with permission of the Department.

(2) The Department will grant taxpayers permission to use the ACH Credit method on a case-by-case basis. A taxpayer who requests permission to use the ACH Credit method must submit a written request to the Department, which demonstrates the existence of a valid business operational reason for using the ACH Credit payment method in lieu of the ACH Debit payment method. A taxpayer who is already using the ACH Credit method to pay vendors, and is already successfully using the ACH Credit method to pay taxes for other jurisdictions is deemed to have a valid business reason for using the ACH Credit method to make payments for Alabama taxes.

(3) The written request to use the ACH Credit method shall be filed with the Alabama Department of Revenue, EFT Unit, Post Office Box 327950, Montgomery, Alabama 36132-7950. The Department will accept facsimile transmissions of requests. Taxpayers will be promptly notified of the Department's decision.

(4) The Department reserves the right to revoke the ACH Credit method payment privilege of any taxpayer for the following reasons:

(a) Failure to consistently transmit error-free payments;

(b) Substantial variation from the requirements and specifications of these rules;

(c) Failure to make timely EFT payments or to provide timely payment information; or,

(d) Failure to provide the addenda record, required by these rules, with the EFT payment.

(5) Fedwire is not an EFT payment method alternative available to taxpayers. Fedwire is used only on an emergency basis with prior authorization by the Department.

**Author:** Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

### **810-13-1-.09      Payment Procedures - General Provisions.**

(1) Taxpayers who are required to make payments for tax types using EFT must initiate the transaction so that the amount due is deposited as immediately available funds (collected funds) to the State of Alabama's bank account on or before the due date under the applicable revenue law. If a tax payment due date falls on a Saturday, a Sunday, an Alabama ACH Association holiday or an Alabama legal bank holiday as defined in rule number 810-13-1-20, Legal Holidays, the payment by EFT is required so that the funds are immediately available in the State Treasurer's account on the first business day thereafter. If the date on which the taxpayer is required to initiate either an ACH Debit or an ACH Credit transaction falls on a Saturday, Sunday, or a business or banking holiday, the taxpayer must initiate the transaction on the preceding business day.

(2) The requirement to make a payment to the Department using EFT does not change any 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 payment penalties, late filing penalties, interest, and loss of applicable discount shall apply under the provisions of the appropriate revenue laws of the Code of Ala. 1975, as amended, except as provided in these rules.

(3) Any taxpayer required by the Department to use EFT to make payments for a tax type may apply to the Department to be relieved of such requirement if it appears that such taxpayer no longer meets the criteria for mandatory EFT payments. If the taxpayer subsequently makes a non-EFT payment, in an amount equal to or in excess of the threshold amount for the period the taxpayer was previously selected to make payments using EFT, for the tax type for which the taxpayer was previously selected to make payments using EFT, the taxpayer may be subject to all applicable penalties, interest, and loss of discounts.

(4) Taxpayers may voluntarily elect to make payments for a tax type using EFT. Any taxpayer making a voluntary election to make payments for a tax type by one of the methods set out in these rules may apply to the Department to be relieved of such requirement if such taxpayer no longer desires to make payment by one of said methods. A taxpayer may not make more than one (1)

such application per calendar year. Any taxpayer making such an application shall continue to make payment by the payment method elected, in accordance with the procedures stated in these rules, until such time as it is finally determined that the taxpayer should be permitted to make tax payments by other than one of said methods. See Voluntary Use of EFT.

(5) If the taxpayer elects to use the ACH Debit payment method, the taxpayer will furnish the Department with the information needed to complete the transaction. The Data Collection Center will assign confidential identification codes to the taxpayer and all transactions must be initiated by the taxpayer. The taxpayer is responsible for initiating the transaction by calling the Data Collection Center.

(6) If the taxpayer elects to use the ACH Credit payment method, the taxpayer is responsible for ensuring that the bank originating the transaction has the information necessary for timely completion of the transaction. Further the taxpayer is responsible for the correct completion of the transaction. The taxpayer shall provide the information necessary for the bank to complete the NACHA CCD+ entry with the required TXP Banking Convention addenda record.

**Author:** Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

#### **810-13-1-.10      Procedures For ACH Debit Payment Method.**

(1) Introduction. Certain taxpayers are required to pay their taxes with an electronic funds transfer (EFT) pursuant to Section 41-1-20, Code of Ala. 1975. Taxpayers required to make tax payments to the Department via EFT shall use the Automated Clearing House (ACH) Debit payment method, unless otherwise approved by the Department to use the ACH Credit payment method. The ACH Debit payment method is the preferred EFT payment method by the Department. The Department bears the costs of processing ACH Debit method payments. Taxpayers who are not required to pay by EFT may voluntarily choose to pay by EFT.

(2) Definitions. For purposes of this rule, the following terms will apply:

(a) EFT or Electronic Funds Transfer means any 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 so as to order, instruct, or authorize a financial institution to debit or credit an account.

(b) ACH or Automated Clearing House means a nationwide system run by the Federal Reserve and designed to transfer funds electronically between financial institutions using industry accepted standards. These standards ensure network security and increased efficiency of the transactions.

(c) ACH Debit payment method means the electronic transfer of funds cleared through the ACH system that is generated by the taxpayer instructing the Department, using either the Department's telephonic or Internet e-pay systems, to charge the taxpayer's bank account and deposit the funds to the Department's bank account.

(d) ACH Credit payment method means the electronic transfer of funds cleared through the ACH system that is generated by the taxpayer instructing the taxpayer's bank to charge the taxpayer's bank account and deposit the funds to the Department's bank account. See Rule 810-13-1-.11 entitled Procedures for ACH Credit Payment Method.

(e) Paperless Filing and Payment System (system) means the Department's Internet and toll-free Telephone system developed for the purpose of allowing taxpayers to electronically file and pay the predefined taxes available in the system to the Department using the ACH debit payment method. For those state and local business taxes that can be filed through the system, the payment is made as part of the filing process. For all other taxes that cannot be filed through the system, a 'Payment Only' option is available to give taxpayers the ability to make an EFT debit method payment. The predefined taxes are provided in the Department's EFT Program Guide Booklet of ACH Debit Payment Method Procedures & Guidelines.

(f) Sign On ID and Access Code means the log in codes assigned by the Department to a business taxpayer for the purpose of accessing the Paperless Filing and Payment System. The Department provides this information in a letter that is mailed to the taxpayer. This information is confidential and taxpayers are instructed to not improperly disclose these codes. Taxpayers making payments for state individual income taxes do not need a Sign On ID and Access Code to access the Paperless Filing and Payment System to make a payment.

(3) Procedures for making ACH Debit Method Payments. No pre-registration is required with the Department's EFT Unit by a business or individual taxpayer to make EFT Debit method payments using the Department's Paperless Filing and Payment System. Business taxpayers that have a tax account number(s) assigned by the Department; business taxpayers that have filed a return(s) with the Department for which a tax account number is not required; and individuals that file State Income Tax returns with the Department, have the ability to make an EFT Debit method payment to the Department for any of the predefined tax types



available in the system. Taxpayers shall provide the system with the appropriate information needed to complete the payment transaction. A confirmation number is provided by the system at the conclusion of a successful payment transaction. The receipt of the confirmation number will fulfill the taxpayer's obligation for initiating an ACH Debit transaction. It is the responsibility of the taxpayer to provide the system with appropriate changes to their banking information to ensure proper and timely payment is made to the Department. Taxpayers can make EFT payments for returns, and for unpaid invoices and assessments. The Billing ID is required when the payment is for an unpaid invoice or assessment. The Billing ID is found on the billing document provided by the Department to the taxpayer. Note: Unpaid final assessments that have been transferred to the Collection Services Division (CSD) must not be paid via EFT. Contact the CSD for payment options.

(5) Due date of EFT payment. The EFT payment is due on or before the banking day following the tax return due date, pursuant to Section 41-1-20. The taxpayer must submit the payment transaction and receive a confirmation number from the system no later than 4:00 p.m. Central Standard Time (CST) on or before the due date of the tax in order for the Department's bank to receive collectible U.S. funds by the EFT payment due date.

(6) Penalties. Pursuant to Section 41-1-21, failure to make payment in a timely manner in accordance with the provisions provided in this rule, shall subject the affected taxpayer to penalty, interest, and loss of applicable discount. The Department may assess a Failure to Timely Pay penalty for late payments pursuant to Section 40-2A-11. If the taxpayer has timely initiated the ACH debit transaction pursuant to the provisions of this rule, received a confirmation number, and shows adequate funds were available in the bank account, late payment penalties will not apply.

(7) Proof of Payment. An ACH Debit transaction may be proven by use of the confirmation number received from the Paperless Filing and Payment System when the transaction was initiated, along with bank statements or other evidence from the bank that the transaction was settled. It is the taxpayer's responsibility to work with their financial institution to obtain verification that funds were transferred from the taxpayer's bank account into the Department's bank account. A bank can supply a taxpayer with a trace number that it generates for the ACH network.

(8) Filing returns. The required returns must still be filed with the Department, either electronically, or on paper when allowed. If a paper return is filed, any EFT payment indicators on the return must be completed. If an EFT indicator is not available, the taxpayer must boldly and legibly print on the face of the return that the payment was made via EFT. Paper returns for which

payment was made using EFT must be mailed to the following address:

Alabama Department of Revenue

EFT Unit

PO Box 327950

Montgomery, AL 36132-7950.

**Author:** Donna Joyner

**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-2A-11, 41-1-20, 41-1-21, 41-1-23; Act No. 2006-552.

**History:** Filed December 6, 1991; effective January 10, 1992.

**Repealed and New Rule:** Filed October 15, 2007; effective November 19, 2007.

#### **810-13-1-.11      Procedures For ACH Credit Payment Method.**

(1) Introduction. Certain taxpayers are required to pay their taxes with an electronic funds transfer (EFT) pursuant to Section 41-1-20, Code of Ala. 1975. Taxpayers who are not required to pay by EFT may voluntarily choose to pay by EFT. The Department will allow certain taxpayers to pay by EFT through the use of the Automated Clearing House (ACH) Credit payment method. To request approval, taxpayers must complete and submit to the Department the Electronic Funds Transfer Authorization Agreement Form for ACH Credit Payment Method (form EFT:001).

(2) Definitions. For purposes of this rule, the following terms will apply:

(a) EFT or Electronic Funds Transfer means any 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 so as to order, instruct, or authorize a financial institution to debit or credit an account.

(b) ACH or Automated Clearing House means a nationwide system run by the Federal Reserve and designed to transfer funds electronically between financial institutions using industry accepted standards. These standards ensure network security and increased efficiency of the transactions.

(c) ACH Credit means the electronic transfer of funds cleared through the ACH system that is generated by the taxpayer instructing the taxpayer's bank to charge the taxpayer's account and deposit the funds to the Department's bank account.

(d) ACH Debit means the electronic transfer of funds cleared through the ACH system that is generated by the taxpayer instructing the Department, using the Department's telephonic or Internet Paperless Filing and Payment system, to charge the taxpayer's bank account and deposit the funds to the Department's bank account. See Rule 810-13-1-.10 entitled Procedures for ACH Debit Payment Method.

(e) Department's bank means the bank with which the Department of Revenue has a contract to assist in the receipt of taxes.

(f) ACH CCD+ addenda or ACH CCD+ record means the information in a required ACH format that needs to be transmitted to properly identify the payment. The addenda record is sent with an ACH entry and contains an 80 character "free form" field for information required by the Department to identify the payment.

(g) Collectible funds or immediately available funds means collected funds that have completed the EFT process and are available for immediate use by the State.

(3) Compliance with the Department's Requirements. It is the intent of the Department to examine each taxpayer's compliance with the requirements of this rule. If a taxpayer has elected the ACH Credit payment method, but repeatedly fails to correctly complete the payment transactions by not providing the Department with the required ACH CCD+ addenda, the Department may in its discretion require the taxpayer to make future payments by the ACH Debit payment method.

(4) Required CCD+ addenda record. The Department requires that all ACH Credit method transactions must utilize the National Automated Clearing House Association (NACHA) CCD+ entry with a TXP Banking Convention addenda record. The required format and specifications of the CCD+ addenda record is provided in the current version of the Department's EFT Program Guide Booklet of ACH Credit Payment Method Procedures & Guidelines.

(a) An addenda record that is improperly formatted or contains inaccurate information could result in the following:

1. A late payment and the loss of applicable discounts and the assessment of penalties and interest.

2. Revocation of the taxpayer's ACH Credit Payment status. The taxpayer will receive a warning letter for the first offense, and upon receipt of the second offense, the Department at its discretion may revoke the taxpayer's ACH Credit Payment status.

(b) The TXP Banking Convention CCD+ addenda record requires the following information:

1. Taxpayer Account Number. This field must contain the taxpayer's tax account number assigned by the Department for which payment is being made. If the payment is for a tax that does not require a Department assigned tax account number, the taxpayer is required to provide a Taxpayer Identification Number (TIN) in this field. A TIN may be a Social Security Number or a Federal Identification Number.

2. Tax Type Code. These codes are found in the program guide referenced in paragraph (4) above.

3. Tax Period End Date. Enter the year, month, and the last day of the period, in the format of YYMMDD, for which the payment type is being made. Example: 070131 for a return payment for the January 2007 period.

4. Amount Type Code: Enter T for tax due or Z for zero due.

5. Payment Amount. Enter the dollar and cents of the transaction, without the decimal.

6. Confirmation Number or Billing ID. The confirmation number and billing ID share the same field. Only one or the other, or neither is required. The Confirmation Number is required when the payment is for a return that was e-filed using the Department's Paperless Filing System, which provides this number. The Billing ID is required when the payment is for an unpaid invoice or assessment. The Billing ID is found on the billing document provided by the Department to the taxpayer. This field should contain spaces when payment is for any other tax liability. Note: Unpaid final assessments that have been transferred to the Collection Services Division (CSD) must not be paid via ACH Credit Method. Contact the CSD for payment options.

7. Payment Type Code. Enter R for return, I for invoice, or A for assessment, to indicate the payment type of the tax being paid.

(5) Due date of EFT payment. The EFT payment is due on or before the banking day following the tax return due date, pursuant to Section 41-1-20. An ACH credit method payment is timely when the Department's bank receives collectible U.S. funds on or before the EFT payment due date. The ACH system requires that the necessary information be in the originating bank's possession on the bank day preceding the date for completion of the transaction. Each bank generally has its own transaction deadlines and it is the responsibility of the taxpayer to insure timely payment by coordinating with their financial institution to ensure that ACH Credit payments are timely initiated and sent via the correct CCD+

addenda record. The impact of prescribed ACH time frames and nightly cycles as well as the impact of weekends and holidays must be considered.

(6) Penalties. Pursuant to Section 41-1-21, failure to make payment in a timely manner, or failure to provide such evidence of payment in a timely manner, shall subject the affected taxpayer to penalty, interest, and loss of applicable discount. The Department may assess a Failure to Timely Pay penalty for late payments pursuant to Section 40-2A-11. The taxpayer's bank is the originating bank and the taxpayer is primarily responsible for its accuracy in an ACH credit method transaction. In order to prove timely compliance, the taxpayer must have timely initiated the transaction, provided the correct information for the ACH CCD+ record, and shown there were sufficient funds in the account.

(7) Proof of Payment. If proof of payment is required, it is the taxpayer's responsibility to work with their financial institution to obtain verification that funds were transferred from the taxpayer's bank account into the Department's bank account. A bank can supply a taxpayer with a trace number that it generates for the ACH network. This trace number along with proof of the NACHA CCD+ entry showing the State of Alabama's bank routing and transit number and bank account number, plus additional evidence, such as bank statements, that the transaction has been settled, will constitute proof of payment.

(8) Filing returns. The required returns must still be filed with the Department, either electronically, or on paper when allowed. If a paper return is filed, any EFT payment indicators on the return must be completed. If an EFT indicator is not available, the taxpayer must boldly and legibly print on the face of the return that the payment was made via EFT. Paper returns for which payment was made using EFT must be mailed to the following address:

Alabama Department of Revenue

EFT Unit

PO Box 327950

Montgomery, AL 36132-7950

**Author:** Donna Joyner

**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-2A-11, 41-1-20, 41-1-21, 41-1-23; Act No. 2006-552, Act No. 91-570.

**History:** Filed December 6, 1991; effective January 10, 1992.

**Repealed and New Rule:** Filed October 15, 2007; effective November 19, 2007.

**810-13-1-.12      Requirement For Filing Returns.**

(1) The requirement to use EFT to make tax payments does not change any 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 payment penalties, late filing penalties, interest, and loss of applicable discount shall apply under the provisions of the appropriate revenue laws of the Code of Ala. 1975, as amended, unless otherwise provided in these rules.

(2) Most return forms will have an EFT payment indicator for the taxpayer to complete. In the absence of an EFT payment indicator, taxpayers must boldly and legibly print on the face of the return that payment was made using EFT.

(3) The filed return and the EFT payment shall be coordinated by the Department.

(4) Tax returns for which payment was made using EFT must be mailed to the following address:

Alabama Department of Revenue

EFT Unit

PO Box 327950

Montgomery, AL 36132-7950

**Author:** Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

**810-13-1-.13      Penalties For Noncompliance.**

(1) The provisions of Code of Ala. 1975, as amended, shall govern the administration of any tax, interest, or penalty assessed due to late EFT payments, except as provided in these rules.

(2) No specific additional penalty provisions are provided concerning compliance with the EFT tax payment requirement. Rather, the general provisions for all taxpayers apply. To avoid the imposition of penalties, timely filing of the tax return along with timely payment in accordance with the provisions of Code of Ala. 1975, as amended, and the provisions of these rules is required.

(3) Failure of a taxpayer to respond to the notification from the Department concerning the required use of EFT to make payments for a tax type or failure to timely or properly make EFT payments in accordance with these rules shall subject the taxpayer to applicable penalty, interest, and loss of discount, as provided by the Code of Ala. 1975, as amended, for delinquent or deficient tax payments. If payment is made for a tax type for which a taxpayer was selected to make payments using EFT, and the payment is made in a method which is not in accordance with the procedures stated in these rules, a delinquent payment penalty for that tax type as specified in the Code of Ala. 1975, as amended, may be assessed. In addition to any penalty which may be imposed, interest shall be added to the amount of tax due from the due date of the tax payment to the date that the funds become available to the State Treasury. It is presumed, in the absence of evidence to the contrary, that said funds will be available on the third business day following receipt of payment.

(4) Penalties may be waived when the circumstances causing delinquency are beyond the control of the taxpayer. Errors made by the Data Collection Center, the State Treasury or the Department which result in a late payment by the taxpayer shall not subject the taxpayer to late payment penalties, interest, or loss of applicable discount for the late payment.

(5) When a taxpayer uses the ACH Debit payment method, the State of Alabama's bank is the originating bank and is responsible for the accuracy of the transmission. If the taxpayer timely initiated the ACH Debit transaction, received a verification number, and can show adequate funds were available in the bank account, no penalties shall apply with respect to the payment if the transaction was not properly completed.

(6) When a taxpayer uses the ACH Credit payment method, the taxpayer's bank is the originating bank and the taxpayer is primarily responsible for the accuracy and proper completion of the transaction. The taxpayer must show timely initiation of the transaction, must have provided the correct information for the NACHA CCD+ entry and the required TXP Banking Convention addenda record, must show that there were sufficient funds in the account, and must show that the financial institution properly completed the transaction in a timely manner in order to prove timely compliance. If the taxpayer can make this showing, then no penalties shall apply with respect to the payment if the transaction was not properly completed.

(7) A taxpayer who is required to make EFT payments and who is unable to make a timely payment because of system failures within the Automated Clearing House System, which are beyond the taxpayer's control, shall not be subject to penalty or interest for late payment or loss of applicable discount.

**Author:** Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

**810-13-1-.14      Voluntary Use Of EFT To Pay Taxes.**

(1) Those taxpayers who are required to make EFT payments for a tax type may request permission to also make EFT payments for other tax types. Those taxpayers who are not required to make EFT payments for any tax type may request permission from the Department to make EFT payments for a tax type.

(2) Taxpayers making a voluntary election to make EFT payments for a tax type are subject to the provisions of these rules as are those taxpayers who are required to make EFT payments.

(3) Written applications for voluntary participation in the EFT program must be filed with the Department at least 60 days prior to the due date of the payment(s) in question. Taxpayers may terminate voluntary participation by filing a written application for termination with the Department at least 60 days prior to the due date of the last EFT payment. A taxpayer may not make more than one (1) such application per calendar year.

(4) Requests for voluntary inclusion and termination notices must be directed to the Alabama Department of Revenue, EFT Unit, P.O. Box 327950, Montgomery, Alabama 36132-7950.

**Author:** Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

**810-13-1-.15      Proof Of Payment.**

(1) The Department will credit the taxpayer with the amount paid as of the date the payment is received by the State of Alabama's bank account. The proof of payment by the taxpayer shall depend on the payment method utilized.

(2) An ACH Debit transaction may be proven by use of the verification code, received from the Data Collection Center when the transaction was initiated, along with bank statements or other evidence from the bank that the transaction was settled.

(3) Since an ACH Credit transaction is initiated by the taxpayer, the taxpayer has responsibility for the proper and timely completion of the transaction. The taxpayer generally will be given an ACH trace number by the bank originating the transaction. This trace number along with proof of the NACHA CCD+ entry showing



the State of Alabama's bank routing and transit number and bank account number, plus additional evidence, such as bank statements, that the transaction has been settled, will constitute proof of payment.

**Author:** Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

### **810-13-1-.16      Correction Of Errors.**

(1) Errors in the EFT payment process will result in either an underpayment or an overpayment of the tax. In either case, the taxpayer must promptly contact the Department to arrange for appropriate action. Overpayments may be used as a credit against a future tax liability or the taxpayer may apply for a refund. Underpayments should be corrected by the taxpayer immediately to mitigate any penalties.

(2) Errors made in initiating an ACH Debit payment can usually be corrected during the call-in period on the same day the transaction was initiated by the taxpayer. This is addressed in the instructions provided to taxpayers electing to use the ACH Debit payment method.

(3) If a taxpayer does not make a correct payment of tax for a particular period, such taxpayer shall, on the nearest business day to the date on which the error is discovered, contact the EFT Unit for specific instructions.

(4) If the taxpayer error involves an overpayment of tax, the taxpayer may either elect to have the overpayment applied against the liability for the next reporting period or may apply for a refund under the provisions of the applicable tax statute. The Department will make every effort to expedite a refund requested by the taxpayer to correct an EFT payment error.

(5) If the taxpayer error involves an underpayment of tax, the taxpayer must contact the EFT Unit to make appropriate arrangements to initiate payment for the amount of the underpayment. See Emergency Payments.

(6) In the event a taxpayer using the ACH Debit method communicates payment information to the Data Collection Center after 3:45 p.m. CST (Central Standard Time) on the business day before the due date, the payment shall be posted to the taxpayer's account on the next business day following the due date and shall constitute late payment.

(7) Except as provided in these rules, failure of a taxpayer to make a timely EFT payment because of circumstances under the

taxpayer's control, including but not limited to insufficiency of funds in the taxpayer's account or a direct payment to the Department using an unauthorized payment method may result in penalty, interest, and loss of applicable discount.

**Author:** Ed Cutter.

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

### **810-13-1-.17      Emergency Payments.**

(1) In the event the taxpayer determines that he is unable to effect a timely EFT payment, for extenuating circumstance beyond the control of the taxpayer, the Department may allow the taxpayer to use Fedwire. For instance, if on the due date of an EFT payment the taxpayer becomes aware that an error was made on the EFT payment which cannot be corrected on that day, the taxpayer may contact the Department and request authorization to correct the payment with a Fedwire. At the discretion of the Department, authorization to use Fedwire for that one payment may be granted. The Department will base its determination upon the taxpayer's payment history as well as the taxpayer's compliance with prescribed rules regarding EFT payments.

(2) If the Department authorizes the request, the taxpayer will be provided a Fedwire Authorization Number and additional information to be included in the free-form field of the Fedwire.

(3) To request authorization from the Department, the taxpayer must contact the EFT Unit. The taxpayer must present the emergency situation which prevents timely compliance under either the ACH Debit method or ACH Credit method, and request authorization to use Fedwire to transfer the payments in question to the State Treasury.

(4) Taxpayers who are granted authorization to use wire transfer as an exception to either the ACH Debit method or ACH Credit method will be given specific instructions regarding the payment information that must accompany the wire transfer.

(5) All wire transfers must be accompanied by an addenda record, in the format specified by the Department, which includes the following information:

(a) Taxpayer identification number;

(b) Tax type code;

(c) Tax period; end date; and

(d) Payment type code

(6) The Department will not bear any costs associated with the wire transfer.

(7) Unauthorized Fedwire transfers will constitute late payment and the applicable late payment penalties, interest, and loss of discount shall apply.

(8) Authorized Fedwire transfers which are not received by the State Treasury on or before the due date of the transmitted payments will constitute late payment and the applicable late payment penalties, interest, and loss of discount shall apply.

**Author:** Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

**810-13-1-.18**      **Grace Periods During Implementations (Repealed 12/14/07).**

(Repealed)

**Author:** Michael Mason, Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

**Repealed:** Filed November 9, 2007; effective December 14, 2007.

**810-13-1-.19**      **Change In Taxpayer Information.**

(1) A taxpayer must provide at least 30 days written notice of any change of information required by the Form EFT 001, Electronic Funds Transfer Authorization Agreement, by submitting a revised Form EFT 001 to:

Alabama Department of Revenue

EFT Unit

P0 Box 327950

Montgomery, AL 36132-7950.

**Author:** Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.

**810-13-1-.20      Legal Holidays.**

(1) Each year, at least 30 days prior to the beginning of a calendar year, the Department will provide taxpayers required to pay a tax type using EFT with a schedule of holidays to be observed by the Alabama ACH Association, Alabama banks and the Department.

**Author:** Ed Cutter

**Statutory Authority:** Code of Ala. 1975, §§41-1-20 through 41-1-23.

**History:** Filed December 6, 1991; effective January 10, 1992.