



INFORMATIONAL PUBLICATION

Paying Connecticut Taxes by Electronic Funds Transfer

Purpose: This Informational Publication explains the requirement and methods for paying taxes electronically with the Department of Revenue Services (DRS).

Effective Date: Upon issuance.

Statutory Authority: Conn. Gen. Stat. §§12-685 to 12-689, inclusive; Conn. Agencies Regs. §§12-689-1 to 12-689-4, inclusive.

1. What is an electronic funds transfer?

Electronic Funds Transfer (EFT) is an electronic method of making a payment. An EFT is handled through the Automated Clearing House System (ACH), a nationwide network that electronically transfers funds.

2. Who must pay by EFT?

Taxpayers whose prior year liability for a particular tax exceeded \$10,000 for the 12-month period ending the preceding June 30 for monthly and quarterly tax liabilities or for the preceding taxable year for annual tax liabilities, and who are notified by DRS to pay that tax by EFT must pay the tax by EFT.

3. Will I always be required to pay that tax by EFT?

No. Each year DRS reviews your prior year liability for a particular tax. You will be notified by DRS if you are no longer required to pay that tax by EFT. You must continue to pay by EFT until DRS notifies you that you are no longer required to do so.

4. How do I pay my taxes by EFT?

You may use one of two methods to pay your taxes by EFT:

- ACH debit method (direct payment) through the DRS Taxpayer Service Center (*TSC*); or
 - ACH credit method.
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5. What is the Taxpayer Service Center (*TSC*)?

The *TSC* is an interactive electronic services site that provides a fast, free, accurate, and secure way to electronically file eligible tax returns and pay the tax due, or to initiate a payment-only transaction. See the answer to *Question 23* for a list of eligible returns. Additionally, the *TSC* offers a secure mailbox for information sharing, multi-level access to your account by tax type, the ability to view transactions, and the ability to cancel your electronic payments.

You may access the *TSC* online at www.ct.gov/TSC or through *Telefile* at 860-289-4829.

6. How does the direct payment method work?

Using the *TSC*, you provide your banking information and authorize DRS to initiate the EFT by providing the amount of the payment and the date of transfer.

7. How does the ACH credit method work?

With the ACH credit method, you (not DRS) initiate the EFT through your bank. In coordination with your bank, you format your payment, your Connecticut Tax Registration Number, the tax type, and the tax return filing period. You must ensure your bank can perform its part of the transaction using the ACH standard CCD+TXP format; otherwise, you must use the direct payment method.

8. What are the advantages of the direct payment method?

When paying through the *TSC*, you are given a confirmation number as verification that your tax return has been filed. If you have initiated a payment, a requested payment date indicates that a payment has been successfully initiated. Direct payment transactions can be error free because extensive editing and data correction are performed before you are given the confirmation number. Additionally, you can print a copy of your return for your records.

9. Does DRS recommend a payment method?

DRS recommends the *TSC* direct payment method. Whether you are filing a return with payment or using the *TSC Make Payment-Only* option, direct payment transactions are virtually error free and generally less costly to you.

10. If I authorize DRS to debit my account to pay my taxes, will DRS have access to my bank account for any other purpose?

No. Authorizing a direct payment does not give DRS unrestricted access to your bank account. Any withdrawal transactions with your bank must be initiated by you. The use of a secure password to access your *TSC* account ensures that only you can authorize the transfer of funds from your bank account to the DRS bank account and that the funds are applied to the proper tax account.

11. May I use other EFT methods besides the direct payment and ACH credit methods?

Yes. You may elect to pay your tax liability using your American Express® card, Discover® card, MasterCard® card, VISA® card, or comparable debit card. At the end of the transaction you will be given a confirmation number for your records. There are three ways to pay by credit card:

- Log in to your account in the *TSC* and select *Make Payment by Credit Card*;
- Visit www.officialpayments.com and select *State Payments*; or

- Call Official Payments Corporation toll-free at **1-800-2PAY-TAX** (1-800-272-9829) and follow the instructions. You will be asked to enter the Connecticut Jurisdiction Code: 1777.

Your payment will be effective on the date you make the charge.

12. What if the funds for this payment come from an account outside the United States?

In order to comply with the new federal electronic banking rules, these payments need to be sent as an International ACH Transaction(IAT).

- If you are using the *TSC*, you will be asked if your tax payment is being funded from a bank account outside of the United States.
 - If you are initiating an ACH Credit, this transaction is required to be formatted as an IAT. Contact your financial institution for additional information.
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13. How do I register for EFT?

There is no pre-registration required to use the *TSC* direct payment method or to file and pay returns electronically. You simply log onto the *TSC* website at www.ct.gov/TSC to initiate direct payments or to electronically file and pay your eligible returns.

If you choose to initiate an ACH credit payment through your financial institution, you must submit a completed form **EFT-1, Authorization Agreement for Electronic Funds Transfer**. See *Forms and Publications* on Page 6.

14. May I make payments using EFT even though I am not required to do so?

Yes. DRS encourages taxpayers to use the *TSC*. If you voluntarily use the *TSC* system, you do not have to pre-register or notify DRS of your intention to use the *TSC*. If you choose the ACH credit method, see *Question 13*.

15. May I change my EFT method at any time?

Yes. To change from the direct payment method to the ACH credit method, you must submit a completed form EFT-1 to DRS to pre-register. No form is necessary to change from the ACH credit method to the direct payment method.

16. What are the due dates for paying by EFT and how do I ensure my payment is timely?

If you are required to pay a tax (other than withholding tax) by EFT, the DRS bank account must have received your payment on or before the due date of your return.

If you are required to pay Connecticut withholding tax by EFT, the DRS bank account must have received your payment on or before the next business day following the due date of your return.

To ensure that your EFT direct payment is received by DRS on time, you must initiate your transaction in the *TSC* no later than 4:30 p.m. Eastern time on the last banking day prior to the due date. For example, if the due date of the return is Monday, you must initiate the transaction no later than 4:30 p.m. Eastern time on the preceding Friday (assuming Friday is a banking day). Only Mondays through Fridays that are not holidays are considered banking days. If you use the ACH credit method, consult your financial institution for information.

17. When is the payment due if the due date falls on a weekend or legal holiday?

If the due date falls on a Saturday, Sunday, or legal holiday, the next banking day is the due date. For a direct payment, you must initiate the EFT no later than 4:30 p.m. Eastern time on the last banking day prior to the weekend or holiday. For an ACH credit transaction, contact your bank for information. Legal holidays are New Year’s Day, Martin Luther King Jr. Day, Lincoln’s Birthday, Washington’s Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving, and Christmas. The current year’s holiday schedule is available on the DRS website.

18. When is my tax return due?

The due dates for your returns remain the same. If you are required to file your return electronically and are remitting a payment at the same time, you must initiate your transaction no later than 4:30 p.m. Eastern time the last banking day prior to the due date.

For returns you are not required to file electronically, your return is timely if received or if the date shown by the United States Post Office cancellation mark is on or before the due date. If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is the due date.

19. How do I prove I made a timely direct payment transaction?

If you pay using the *TSC*, a requested payment date indicates that the payment has been successfully initiated. Your bank account will show a debit on or before the due date.

20. How do I prove I made a timely ACH credit transaction?

You must submit documentation from your bank showing your payment was initiated in time for settlement into the DRS bank account on or before the due date.

21. Is there a penalty for a late EFT payment?

Yes. The penalty for a late EFT is:

- 2% of an EFT payment not more than 5 days late;
- 5% of an EFT payment more than 5 days but not more than 15 days late; **and**
- 10% of an EFT payment more than 15 days late.

Interest is charged at the rate of 1% per month or fraction of a month from the due date until the date of the payment.

If payment is delayed for reasons beyond your control and you are able to prove to the satisfaction of DRS that you exercised due diligence, the penalty may be waived.

22. May I pay by check if I am required to pay by EFT?

No. Payment by check does not meet your obligation to pay by EFT and subjects you to a 10% penalty, even if the DRS bank account is credited for the payment on or before the due date.

23. If I am required to pay my taxes by EFT, must I electronically file my return?

Yes. All taxpayers required to remit sales and use tax, admissions and dues tax, business use tax, room occupancy tax, nursing home user fee, and withholding tax by EFT must also file their tax returns electronically using the *TSC*. Payroll service providers can also file state and federal tax and wage reports for withholding tax over the Internet using the Federal/State Employment Taxes program.

24. What returns can be filed using the TSC?

The following returns can be filed using the *TSC* or DRS' *Telefile* system:

- **Form OS-114**, *Sales and Use Tax Return*;
- **OP-210**, *Room Occupancy Tax Return*;
- **Form CT-WH**, *Connecticut Withholding Tax Payment Form*; **and**
- **Form CT-941**, *Connecticut Quarterly Reconciliation of Withholding*.

The following returns can only be filed electronically using the *TSC*:

- **Form CT-945**, *Connecticut Annual Reconciliation of Withholding for Nonpayroll Amounts*;
- **Form CT-8109**, *Connecticut Withholding Tax Payment Form for Nonpayroll Amounts*;
- **Form CT-W3**, *Connecticut Annual Reconciliation of Withholding*, along with corresponding W-2 forms;
- **Form CT-1096**, *Connecticut Annual Summary and Transmittal of Information Return*, along with corresponding 1099 forms;
- **Form CT-941X**, *Amended Connecticut Reconciliation of Withholding*;
- **Form OP-424**, *Business Entity Tax Return*;
- **Form 472**, *Attorney Occupational Tax Return*;
- **OP-336**, *Nursing Home User Fee Amended Return*;
- **O-372**, *Admissions and Dues Tax Return*;
- **Form CT-1120ES**, *Estimated Corporation Business Tax*;
- **Form CT-1120 EXT**, *Application for Extension of Time to File Corporation Business Tax Return*;
- **Form CT-1120**, *Corporation Business Tax Return*;
- **Form CT-1065/CT-1120SI**, *Connecticut Composite Income Tax Return*;
- **Form CT-1065/CT-1120SI EXT**, *Application for Extension of Time to File Connecticut Composite Income Tax Return*;
- **Form CT-1041**, *Connecticut Income Tax Return for Trusts and Estates*;
- **Form CT-1041 EXT**, *Application for Extension of Time to File Connecticut Income Tax Return for Trusts and Estates*; **and**
- **Form CT-1041ES**, *Estimated Connecticut Income Tax Payment Coupon for Trusts and Estates*.

25. If I am required to electronically file, will I still receive paper returns in the mail?

No. DRS no longer mails pre-printed copies of returns to taxpayers required to electronically file those tax returns. Failure to receive a paper return does not relieve you of your obligation to file.

26. If I have a problem initiating a direct payment transaction, whom should I call?

If you have a problem initiating a direct payment, call the DRS Electronic Filing Unit at **860-297-4973** in sufficient time to correct the problem.

27. When are the funds actually withdrawn from my bank account?

For direct payment transactions, you determine the date of withdrawal by the requested payment date you enter when you initiate your transfer. Your payment will not be withdrawn from your account until the date you specify as a requested payment date. For ACH credit transactions, you must contact your financial institution for withdrawal dates.

28. May I make multiple payments by EFT?

Yes. For the direct payment method through the *TSC*, you can make another payment for the same Connecticut Tax Registration Number after you receive a confirmation number for the transaction you have just completed. Return to the main menu and initiate another payment. If you use the ACH credit method, you initiate multiple payments by EFT through your originating bank.

29. What if an emergency prevents me from making a timely EFT payment using ACH?

You should contact the DRS Electronic Filing Unit immediately for instructions. You may be permitted to make your payment using the Fedwire method. If DRS is not satisfied an emergency exists, your payment by Fedwire will be subject to a noncompliance penalty.

30. Is it possible to cancel or correct an EFT?

Yes. The *TSC* gives you the ability to cancel payments up to one banking day prior to the effective date. For an ACH credit transaction, follow your bank’s instructions.

31. How do I report no tax due?

If you do not owe any tax, an EFT is not required. However, a return must be filed timely even if no payment is due.

32. How am I notified of underpayments?

DRS will send you a bill for any underpayment of tax due.

33. May I pay bills by EFT?

Yes. You may make bill payments using the *TSC*. Visit www.ct.gov/TSC to make a direct tax payment. After logging onto the *TSC*, select the *Make Payment Only* option and choose the tax type from the drop down box. Payments must be made no later than 4:30 p.m. on the banking day prior to the day you wish to have the money withdrawn from your account.

34. What if I make an overpayment?

If there is an overpayment, you will be notified or the funds will be refunded.

35. May I apply an EFT overpayment to my next return?

Yes. You must request to have the overpayment applied to your next return.

36. Is a penalty imposed for the late filing of a tax return if payment of the tax is made timely?

The Commissioner of Revenue Services may impose a \$50 penalty for the late filing of any return or report required by law to be filed.

37. Are there exceptions to the requirement to file tax returns?

Yes. An EFT payment for income tax withholding, corporation business tax estimates, or insurance premium tax estimates is considered filing a return. You do not need to send the paper coupon.

38. What should I do if I overreported or underreported a tax I paid by EFT?

You must amend your tax return in the same manner you would if you did not pay that tax by EFT.

The following returns may be amended electronically using the *TSC*:

- **Form OS-114**, *Sales and Use Tax Return*;
- **Form OS-114**, *Business Use Tax Return*;
- **Form OP-210**, *Room Occupancy Tax Return*;
- **Form CT-941**, *Connecticut Quarterly Reconciliation of Withholding*;
- **Form CT-945**, *Connecticut Annual Reconciliation of Withholding for Non-payroll Amounts*;
- **Form O-372**, *Admissions and Dues Tax Return*; **and**
- **Form OP-336**, *Nursing Home User Fee Amended Return*.

See *Forms and Publications* on Page 6. Pay any additional tax by EFT using either the *TSC* or an ACH credit.

39. May my paid preparer or accountant serve as my primary EFT contact person?

Yes. However, you are responsible for the timely payment of your taxes even if you designate someone else as your contact person.

40. How do I report changes to my *TSC* bank information or to my contact information?

Changes to your banking information can be made from the main menu or on the direct payment *TSC* page when you initiate a payment. Changes to your contact information can be made from the *TSC* main menu.

Effect on Other Documents: This **Informational Publication 2009(19)**, *Paying Connecticut Taxes by Electronic Funds Transfer*, modifies and supersedes **Informational Publication 2007(8)**, *Paying Connecticut Taxes by Electronic Funds Transfer*, which may no longer be relied upon on after the issuance date of this publication.

Effect of This Document: An Informational Publication issued by the Department of Revenue Services (DRS) addresses frequently asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

For More Information on EFT: Contact the DRS Electronic Filing Unit:

- Online at **ct.eft@po.state.ct.us**; **or**
 - Call **860-297-4973** during business hours, Monday through Friday.
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Forms and Publications: Visit the DRS website at **www.ct.gov/DRS** to download and print Connecticut tax forms and publications.

Paperless Filing/Payment Methods (fast, easy, free, and confidential):

Business and individual taxpayers can use the *TSC* at **www.ct.gov/TSC** to file a variety of tax returns, update account information, and make payments online.

File Electronically: You can choose to get first-time filer information and filing assistance, or can log directly into the *TSC* to file returns and pay taxes.

Pay Electronically: You can pay taxes for tax returns that cannot be filed through the *TSC*. Log in and select the *Make Payment Only* option. Designate a payment date up to the due date of the tax and mail a paper return to complete the filing process.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at **www.ct.gov/DRS** and select *e-alerts* from the left navigation bar.
