



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). It also provides information about filing tax returns electronically.

Effective Date: Upon issuance.

Statutory Authority: Conn. Gen. Stat. §12-685; Conn. Gen. Stat. §12-686, as amended by 2011 Conn. Pub. Acts 61, §57; Conn. Gen. Stat. §12-687, as amended by Conn. Pub. Acts 61, §65; Conn. Gen. Stat. §§12-688 and 12-689; Conn. Agencies Regs. §§12-689-1 through 12-689-3, 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 (ACH) System, a nationwide network that electronically transfers funds.

2. Who must pay by EFT?

Taxpayers who meet one of the following requirements **and** who are notified by DRS to pay a tax by EFT must pay by EFT:

- Employers whose annual wage withholding liability exceeds \$2,000 for the 12-month period ending on the June 30 immediately preceding the quarterly period in which the taxpayer is being required to pay tax by EFT;
- Payers of non-payroll amounts whose annual non-wage withholding liability is \$2,000 or more for the year immediately preceding the year in which the taxpayer is being required to pay tax by EFT; **or**
- Taxpayers whose prior year liability for a particular tax (other than withholding) is \$4,000 or more during the 12-month period ending on June 30th for monthly and quarterly tax liabilities, or the last day of the preceding taxable year for annual tax liabilities.

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 the following methods to pay your taxes by EFT:

- ACH debit method through the DRS **Taxpayer Service Center (TSC)**. You can access the *TSC* online at www.ct.gov/TSC or by telephone at **860-289-4829**;
 - ACH credit method through your financial institution; **or**
 - Credit card payment method.
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5. Am I required to register for EFT?

There is no pre-registration required to use the ACH debit method or to file returns electronically. Using your assigned Connecticut Tax Registration Number, and pre-assigned Personal Identification Number (PIN) or certain information from a previously filed return, log on to the *TSC* at www.ct.gov/TSC to initiate ACH debit 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 to DRS to pre-register. See *Forms and Publications* on Page 6.

6. How do I make an ACH debit payment?

You may make an ACH debit payment online or by using the telephone. To make an ACH debit payment using the *TSC* you must provide your banking information and authorize DRS to process the EFT by entering the payment amount and the date of transfer.

7. 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 an ACH debit 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 DRS to process the transfer of funds from your bank account and that the funds are applied to the proper tax account.

8. Where should I call if I have a problem initiating an ACH debit transaction?

If you have a problem initiating an ACH debit transaction, call the DRS Electronic Filing Unit at 860-297-4973 within a reasonable amount of time to correct the problem.

9. How do I make an ACH credit payment?

To make an ACH credit payment, 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 ACH debit method.

You must submit a completed EFT-1 to register to make an ACH credit payment. See *Question 5*.

10. How do I make a tax payment using a credit card or debit card?

There are three ways to pay by credit card (American Express, Discover, Master Card or Visa) or comparable debit 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 **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.

If you elect to pay your tax liability using a credit card or comparable debit card, a convenience fee will be charged by the service provider. You will be informed of the amount of the fee and may elect to cancel the transaction. At the end of the transaction, you will be given a confirmation number for your records.

11. Does DRS recommend a payment method?

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

When using the ACH debit method through the *TSC*, a requested payment date indicates that a payment has been successfully initiated. ACH debit transactions can be error free because extensive editing and data correction are performed before you are given the confirmation number. Additionally, if you file your return as part of the same transaction, either mandatorily (see *Question 2*) or voluntarily, you will receive a confirmation number as verification that your return has been filed. A requested payment date on your confirmation page indicates that the payment has been successfully initiated. You can print a copy of your return for your records.

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

In order to comply with the new federal electronic banking rules, payments initiated from an account outside the United States 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 **must** be formatted as an IAT. Contact your financial institution for additional information.
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13. May I make payments using EFT even though I am not required to do so?

Yes. DRS encourages taxpayers to make tax payments by EFT. You may voluntarily use any of the EFT methods to make a tax payment. See *Question 4*.

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

Yes. To change from the ACH debit 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 ACH debit method.

15. How do I ensure my EFT payment is timely?

For payments for tax periods beginning prior to January 1, 2012, if you are using the ACH debit method of payment, your payment must be initiated no later than 4:30 p.m. Eastern time on the banking day **prior to** the due date of the tax to ensure timely receipt. If you are using the ACH credit method, you must coordinate with your bank to ensure that payment is received by DRS by the due date.

For payments for tax periods beginning on or after January 1, 2012, if you are using the ACH debit method, your payment must be initiated on or before the due date of the tax. If you use the ACH credit method, the DRS bank account must have received your payment on or before the next business day following the due date of your return.

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

For ACH debit 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.

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 business day is the due date. The current year's holiday schedule is available on the DRS website.

18. If I choose to file my return using the TSC, when is my tax return due?

The due dates for your returns remain the same regardless of whether you file your tax return electronically or file your tax return using a paper return.

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

Yes. The penalty for a late EFT is:

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

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

If payment is delayed for reasons beyond your control you may request a waiver of the penalty by submitting a completed **Form DRS-PW, Request for Waiver of Civil Penalty**. See **Policy Statement 2010(1), Requests for Waiver of Civil Penalties**.

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

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

For payments for tax periods beginning on or after January 1, 2012, the following graduated penalty amounts will be in effect for failure to remit payments electronically:

- First offense – 10% penalty on the amount of the payment, but not more than \$2,500;
 - Second offense – 10% penalty, but not more than \$10,000; **and**
 - Third and subsequent offenses – 10% penalty.
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21. If I am required to pay my taxes by EFT, must I electronically file my return?

Yes. All taxpayers who are notified by DRS to remit sales and use tax, admissions and dues tax, business use tax, room occupancy tax, or withholding tax by EFT must also file their returns electronically using the **TSC**.

22. Can I request a waiver of the requirement to file electronically or to pay electronically?

If you can establish that filing electronically or paying electronically would create an undue hardship, the Commissioner may grant a one year waiver of the electronic payment requirement. To request a waiver of the electronic payment requirement you must

submit a completed **Form DRS-EWVR**, *Electronic Filing and Payment Waiver Request*, no later than 30 days prior to the due date of the electronic payment. For additional information see **Policy Statement 2011(3.1)**, *Request for Waiver of Electronic Filing and Payment Requirements*. Both Policy Statement 2011(3.1) and Form DRS-EWVR are available on the DRS website at www.ct.gov/DRS or by calling the DRS Forms Unit at 800-382-9463 (Connecticut calls outside the Greater Hartford calling area only) and choosing Option 2 or by calling 860-297-4753 (from anywhere) and choosing Option 2.

23. What returns can be filed using the TSC?

The following returns can be filed using the *TSC* online at www.ct.gov/TSC or by telephone at **860-289-4829**:

- **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 not be filed by phone but can 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*;
 - **Form CT-1041ES**, *Estimated Connecticut Income Tax Payment Coupon for Trusts and Estates*;
 - **Form OP-515**, *Beverage Container Deposit Report*;
 - **Form EGT-104**, *Electronic Generation Tax Return*;
 - **Form HNR-145**, *Hospital Net Revenue Tax Return*; **and**
 - **Form ICF-151**, *Resident Day User Fee Tax Return*.
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24. If I am required to electronically file my tax return, 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.

25. May I make multiple payments by EFT?

Yes. If you make an ACH debit payment through the *TSC*, you may initiate another tax 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.

26. What if an emergency prevents me from making a timely EFT payment.

You should contact the DRS Electronic Filing Unit **860-297-4973** immediately for instructions. You may be permitted to make your payment using the Fedwire method.

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

Yes. For ACH debit payments, 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.

28. 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.

29. May I pay a tax bill by EFT?

Yes. You may pay tax bills using the *TSC*. After logging into the *TSC*, select the *Make Payment Only* option and choose the tax type from the drop down box.

30. 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.

31. If I make an EFT payment for income tax withholding, estimated corporation business tax, or estimated insurance premiums tax, am I required to mail the paper coupon to DRS?

No. 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.

32. 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 online 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 OP-515**, *Beverage Container Deposit Report*;
- **Form O-372**, *Admissions and Dues Tax Return*;
- **Form OP-336**, *Nursing Home User Fee Amended Return*;
- **Form EGT-104**, *Electronic Generation Tax Return*;
- **Form HNR-145**, *Hospital Net Revenue Tax Return*; and
- **Form ICF-151**, *Resident Day User Fee Tax Return*.

All other returns must be amended by filing a paper return.

33. 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.

34. How do I report changes to my bank information or to my contact information that is contained in the TSC?

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 2011(22)**, *Paying Connecticut Taxes by Electronic Funds Transfer*, modifies and supersedes **Informational Publication 2010(17)**, *Paying Connecticut Taxes by Electronic Funds Transfer*, which may no longer be relied upon on or after the issuance date of this publication.

Effect of This Document: An Informational Publication issued by 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.
