

CHAPTER FOUR: Intra-governmental Transfers

Intra-governmental Payment and Collection System



THE INTRA-GOVERNMENTAL PAYMENT AND COLLECTION (IPAC) System is one of the major components of the Government On-Line Accounting Link System II (GOALS II). The IPAC System contains multiple components that consist of the following:

1. IPAC application, which handles intra-governmental fund transfers between agencies;
2. Retirement and Insurance Transfer System (RITS), which handles agency retirement and insurance payments to the Office of Personnel Management; and
3. Treasury Receivable Accounting and Collection System (TRACS) interface.

The IPAC application's primary purpose is to provide a standardized inter-agency fund transfer mechanism for Federal program agencies (FPAs). It facilitates the intra-governmental transfer of funds, with descriptive data, from one FPA to another.

FPAs have the opportunity to send transactions to IPAC via on-line or bulk file connections. The connection type is determined by each FPA. On-line transactions will be processed immediately. Bulk file transactions will be processed as close to real time as possible, depending on system volume and availability. In a future release, IPAC will offer the capability for FPAs to send transactions via electronic data interchange (EDI).

IPAC Benefits

- Provides immediate processing of transactions;
- Provides additional business information with each individual transaction, assisting in the identification and timely reconciliation of transactions;
- Provides an Internet solution and supports Electronic Commerce for intra-governmental transactions;
- Provides a vehicle for transmitting accounting data to support the classification process within each agency; and
- Reduces cost for intra-governmental transaction processing.

FEDTAX II

FEDTAX II provides Federal agencies with a single system interface that allows for electronic payment of Federal withholding taxes and filing of the Form 941, Employer's Quarterly Federal Tax Return.

Access: Agencies access the FEDTAX II system through the World Wide Web or through a Virtual Private Network (VPN) using a local dial-up telephone number. Once a Federal agency user has logged into the system with a user ID and password, FEDTAX II offers a consistent look and feel regardless of the mode of access. The Web allows FMS to deploy FEDTAX II in a manner that is least intrusive to agencies' computer and network configurations, while a VPN is an alternative to agencies unwilling or unable to use the Internet.

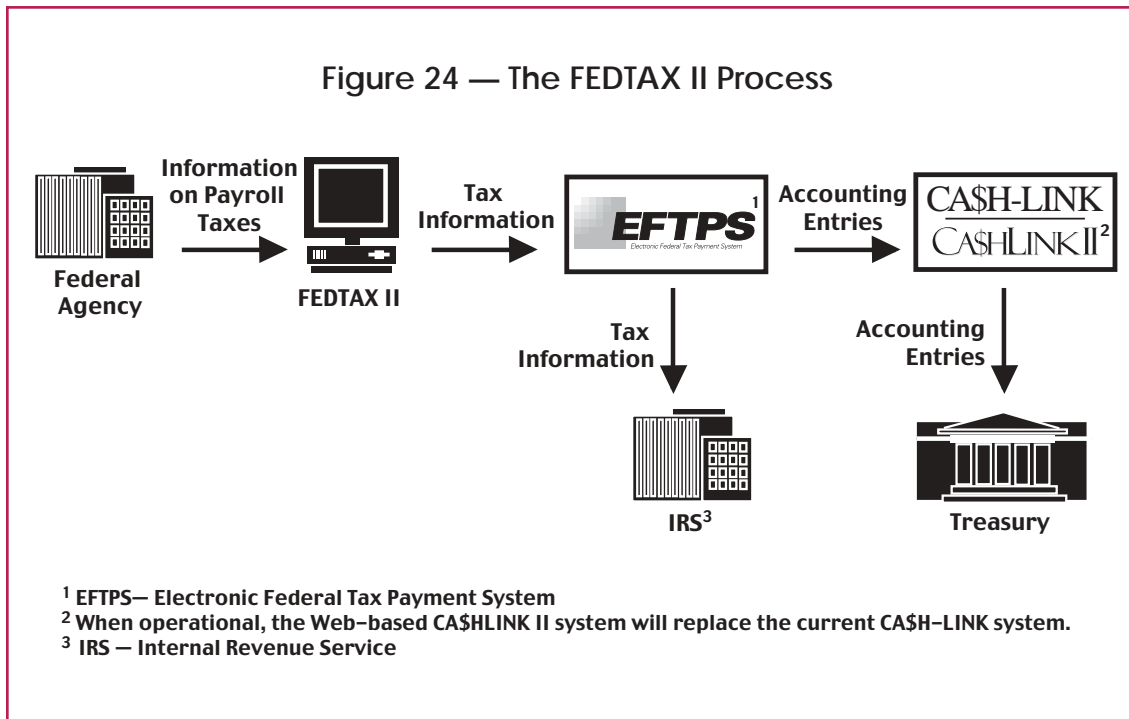
Funds Settlement: Funds settlement occurs between the account of the paying Federal agency and the Internal Revenue Service (IRS) at 8:00 p.m. eastern standard time each business day. While IRS is in fact being credited with the amount of the various Federal agencies' tax payments, funds never actually pass through the banking system. Instead, FEDTAX II creates a debit voucher for each Agency Location Code/ Employer Identification Number having reported Federal tax payments for a given day. A deposit ticket, summarizing the total payments made for a given day, is created for IRS. The debit voucher and deposit ticket information is reported to the Treasury through CASH-LINK/CASHLINK II, which results in an accounting entry into the central accounting system of the United States.

Filing Form 941, Employer's Quarterly Federal Tax Return: In addition to effecting tax payments to IRS, FEDTAX II produces a Form 941 filing based on payments made throughout the quarter for the agency's final review and approval. Instead of printing and signing a paper 941 to be mailed, the FEDTAX II system generates an electronic version for transmission to IRS. Using a personal identification number (PIN) specifically issued by IRS for this purpose, the Federal agency "signs" the return on-line with the PIN and transmits the Form 941 to the FEDTAX II system. FEDTAX II in turn creates the electronic version of Form 941 using ANSI X12 EDI standards, and transmits it to IRS. IRS is then able to verify the PIN and accept or decline the return.

The FEDTAX II Process:

- The Federal agency enters information on payroll taxes into the FEDTAX II system.
- The tax information is reported to the Electronic Federal Tax Payment System (EFTPS).
- The system sends accounting entries to the Treasury through CASH-LINK/CASHLINK II, which results in an accounting entry into the Treasury's centralized accounting system.
- The EFTPS then reports the tax information to IRS.

Figure 24 — The FEDTAX II Process



FEDTAX II Benefits

- Improves speed, efficiency, and accuracy of revenue collections.
- Improves speed, efficiency, and accuracy of 941 filing.
- Eliminates labor-intensive paper processing.
- Eliminates the need to prepare Treasury checks.
- Allows funds to remain in the Treasury's account.