

# Electronic Funds Transfer

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*This publication presents basic information about the Texas State Comptroller's Electronic Funds Transfer (EFT) program. For more detailed information, please call (800) 442-3453.*

*The TEXNET Electronic Funds Transfer Payment Instruction Booklet is now available at <https://texnet.cpa.state.tx.us>.*

For more information, visit our Web site [www.window.state.tx.us](http://www.window.state.tx.us). Receive tax help via e-mail at [tax.help@cpa.state.tx.us](mailto:tax.help@cpa.state.tx.us).

## Electronic Funds Transfer (EFT) Payment Types

- The State of Texas Financial Network (TEXNET) was designed to receive ACH debit or ACH credit payments. Taxpayers who pay in excess of \$100,000 during the state fiscal year (Sept. 1 through Aug. 31) must use TEXNET. Taxpayers who pay less than \$100,000 may choose to make TEXNET payments. TEXNET is a payment-only option. You must file a tax return.
- WebEFT (electronic check) is available via WebFile ([www.window.state.tx.us/webfile](http://www.window.state.tx.us/webfile)) for sales tax taxpayers who pay less than \$100,000 per fiscal year.
- Credit card payment is available to sales tax taxpayers who pay less than \$100,000 per fiscal year via WebFile. We accept American Express, Mastercard and Discover.

Here are some questions and answers about the taxes and fees that can be paid electronically:

### **Q** Who must pay by EFT?

**A** Senate Bill 377, which passed during the 2007 Legislative session, lowered the mandatory electronic payment threshold from \$100,000 to \$10,000 for certain taxes. Taxpayers who paid \$10,000 or more in these taxes during the preceding state fiscal year are required by law to electronically transmit payments to the

Comptroller's office beginning May 1, 2008. The taxes affected are sales tax, direct pay, natural gas, crude oil, franchise, gasoline, diesel fuel, hotel occupancy, insurance premium, mixed beverage gross receipts and motor vehicle rental.

The Comptroller's office will inform taxpayers at least 60 days prior to the due date if they meet this requirement.



Taxpayers who remit less than \$100,000 for sales tax can make their electronic payments by credit card or WebEFT via WebFile. They can also pay online or by telephone if they enroll in TEXNET. Electronic payments for taxes other than sales tax must be paid through TEXNET.

The \$100,000 threshold applies to all other taxes not mentioned above. Taxpayers who pay more than \$100,000 must make their electronic payments by TEXNET.

Payments must be made through EFT as long as payments for a tax category continue to total \$10,000 or more. Some taxpayers may have to pay by EFT for several tax types. For example, a company may pay, \$10,000 each for sales tax and franchise tax, both of which must be paid by EFT.

Legislation states that taxpayers who do not comply with the EFT requirements can be assessed a 5 percent penalty on the payment amount. This penalty would apply to each filing period in which payment is not made electronically.

## Electronic Funds Transfer

### **Q** How do I get started?

**A** Sales tax taxpayers can access WebFile at <http://www.window.state.tx.us/webfile/> to file their tax return and make payments. You can enroll in TEXNET at <https://texnet.cpa.state.tx.us/>.

### **Q** What is ACH debit?

**A** Automated Clearing House (ACH) debit is authorization given by the taxpayer to debit a selected bank account. The taxpayer enters payment information into the TEXNET System before 6 p.m. (CT) on the bank business day before the tax due date. The TEXNET System will prompt the taxpayer to enter a "settlement (fund transfer) date." This payment may be entered via the Internet or touch-tone telephone.

Payment warehousing is a feature in which the taxpayer is given the option to choose a settlement date up to 30 days in the future. If a future settlement date is chosen, the taxpayer may still inquire, change, or even delete the entered information, as long as it is done before 6 p.m. (CT) on the bank business day before the scheduled settlement date. On the settlement date, the designated bank account will be debited for the entered payment amount and the state will be credited.

After relaying the payment information, the TEXNET System will issue a trace number that uniquely identifies the completed payment.

### **Q** What is ACH credit with addenda?

**A** The taxpayer originates an ACH credit in either CCD+ or CTX format through his or her financial institution for settlement on or before the payment due date. The addenda record(s) must be in the standard TXP format.

This payment option allows the payment and related information to be transferred together; however, it is more prone to errors if the addenda record is improperly formatted. Inaccurate information could delay processing the payment. This may be considered a late

payment and could result in the loss of timely filing and /or prepayment discounts or the assessment of a late filing penalty.

For more information about the TXP format call the TEXNET hotline at (800) 531-5441, ext. 3-3010.

### **Q** Do I still file my regular tax returns and reports?

**A** Yes, tax returns and reports must be filed by the due date. If you are mandatory for electronic payments for certain taxes, you must file electronic returns. For more information about electronic returns, see page 4.

### **Q** Does my company qualify for mandatory EFT?

**A** For any questions about who must make payments by EFT for taxes or fees collected by the Comptroller's office, call (800) 442-3453.

## General Information

### *Missed Payment Deadline*

When payment information for ACH debit transactions cannot be entered into the TEXNET System before 6 p.m. (CT) on the bank business day before the due date, or when ACH credit with addenda transactions cannot be originated for settlement on the due date, the following procedure is to be used:

- payment information must be provided to the TEXNET hotline at (800) 531-5441, ext. 3-3010 (this is necessary to identify the payment); and
- wire transfer funds to the Comptroller's bank account. Please include the 11 digit taxpayer number in the wire.

### *Penalties*

Late EFT payments are subject to the same penalties and loss of timely filing and/ or prepayment discounts as any other late payment. See the tax return for detailed information. Also, failure to follow the EFT requirements could result in an additional 5 percent penalty assessment.

*As of May 2008, all taxpayers who pay \$10,000 for any of the eligible taxes or fees must use EFT.*

For more information, visit our Web site [www.window.state.tx.us](http://www.window.state.tx.us). Receive tax help via e-mail at [tax.help@cpa.state.tx.us](mailto:tax.help@cpa.state.tx.us).



### Changes

The Comptroller's office must be notified if there is a change to or from the ACH debit option.

If there is a change in banks or in account numbers for ACH debit taxpayers, the Comptroller's office must be notified by going to <https://texnet.cpa.state.tx.us> with your Web browser or by calling (800) 636-4003.

### Holidays or Weekends

When a due date falls on a weekend or holiday, it is important to originate the ACH transaction no later than the bank business day before the weekend or holiday. For example, if the due date falls on a Monday (*or Tuesday, if Monday is a banking holiday*), the payment must be originated no later than the previous Friday.

A due date schedule is provided to all taxpayers each calendar year. To obtain additional copies, please access <http://www.window.state.tx.us/taxinfo/taxforms/00.843.pdf>.

### Late Payments/Proof of Payment

If a payment is received after the due date, and the taxpayer and the financial institution do not think they are responsible for the delay, one of the following items must be furnished:

- the trace number provided by the TEXNET System when using ACH debit;
- the bank-assigned ACH trace number, when using ACH credit with addenda; or
- the Federal Reserve Bank wire transfer reference number.

If the Comptroller's office determines that the taxpayer did attempt to transfer payment in a timely manner, payment records can be corrected upon receipt of appropriate documentation. Please call the TEXNET hotline at (800) 531-5441, ext. 3-3010, for assistance.

### Security

The Comptroller's office operates and maintains the TEXNET System, which provides high standards of safety and security for funds and payment information. All information entered into the TEXNET System is strictly confidential.

### For More Information

If you have questions regarding electronic funds transfer, please call the TEXNET hotline at (800) 531-5441, ext. 3-3010. If you would like more information on electronic reporting processes, please call the Electronic Reporting section at (800) 442-3453, or go to [www.window.state.tx.us/taxinfo/etf/](http://www.window.state.tx.us/taxinfo/etf/).

*Late EFT payments are subject to the same penalties and loss of timely filing and/or prepayment discount as any other late payment.*

## Definitions

**Addenda Record** – An addenda record is sent with an ACH entry and contains an 80-character “free-form” field for information required by the Comptroller's office to identify the payment. In electronic tax collection, there is a standardized format for the addenda record known as TXP.

**Automated Clearing House (ACH)** – A central distribution and settlement point (in Texas, the Federal Reserve Bank in Dallas) for the electronic clearing of debits and credits between financial institutions. Every day, millions of ACH transactions take place — with funds debited from, or credited to, the balances of participating financial institutions, which in turn post those transactions to their customers' accounts.

**Settlement** – occurs when funds are actually transferred from the taxpayer's bank to the Comptroller's bank account.

**Settlement Date** – The business day on which funds are transferred. This date should not be later than the due date for that tax.

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## Electronic Funds Transfer

### File Early – Pay Later in One Electronic Transaction

Sales, direct pay, crude oil, natural gas, IFTA, and fuels tax returns can now be filed electronically.

- If you pay \$100,000 or more during the state fiscal year for any of these taxes, you are required to file your tax return electronically.
- If you pay \$50,000 or more during the fiscal year for sales tax, direct pay, crude oil, natural gas and fuel taxes, you must file your tax returns electronically beginning with taxes due in January 2009.
- Tax returns can also be filed electronically if you pay less than \$100,000 annually for any of these taxes.
- For details on filing electronically, go to: <http://www.window.state.tx.us/services/>.

For more information, call the Electronic Reporting section at (800) 442-3453.

## We're Here To Help! *Call Toll-Free!*

If you have questions or need information on a specific tax, please call our toll-free numbers:

#### (800) 252-5555

911 Emergency Service/Equalization Surcharge  
Automotive Oil Fee  
Battery Fee  
Boat and Boat Motor Sales Tax  
Customs Broker  
Fireworks Tax  
Mixed Beverage Tax  
Off-Road, Heavy-Duty Diesel Equipment Surcharge  
Oyster Fee  
Sales and Use Taxes  
Telecommunications Infrastructure Fund

#### (800) 531-5441

Cement Tax  
Inheritance Tax  
Local Revenue  
Miscellaneous Gross Receipts Taxes  
Oil Well Servicing Tax  
Sulphur Tax

#### (800) 531-5441, ext. 3-3630

WebFile Help

#### (800) 252-1381

Bank Franchise  
Franchise Tax

#### (800) 252-7875

Spanish

#### (800) 531-1441

Fax on Demand (Most frequently requested Sales and Franchise tax forms)

#### (800) 252-1382

Clean Vehicle Incentive Program  
Manufactured Housing Tax  
Motor Vehicle Sales Surcharge,  
Rental and Seller Financed Sales Tax  
Motor Vehicle Registration Surcharge

#### (800) 252-1383

Fuels Tax  
IFTA  
LG Decals  
Petroleum Products Delivery Fee  
School Fund Benefit Fee

#### (800) 252-1384

Coastal Protection  
Crude Oil Production Tax  
Natural Gas Production Tax

#### (800) 252-1387

Insurance Tax

#### (800) 252-1385

Coin Operated Machine Tax  
Hotel Occupancy Tax

#### (800) 252-1386

Certificates of Account Status/Good Standing  
Officer and Director Information

#### (800) 862-2260

Cigarette and Tobacco

#### (888) 4-FILING (888-434-5464)

TELEFILE: To File by Phone

#### (800) 252-1389

GETPUB: To Order Forms and Publications

#### (800) 654-FIND (800-654-3463)

Treasury Find

#### (800) 321-2274

Unclaimed Property Claimants  
Unclaimed Property Holders  
Unclaimed Property Name Searches  
(512) 463-3120 (Austin)

#### (877) 44RATE4 (877-447-2834)

Interest Rate

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