



Sales and Use Tax Electronic Funds Transfer Payments

Informational Bulletin

February 2002

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Director of Revenue

For information
or forms...

- ◆ Call us at:
1 800 732-8866 or
217 782-3336
- ◆ Call our TDD
(telecommunications device
for the deaf) at:
1 800 544-5304
- ◆ Write us at:
Illinois Department of Revenue
P.O. Box 19044
Springfield, IL 62794-9044
- ◆ Visit our Web site at:
www.ILtax.com
- ◆ Call
"Illinois Tax Fax," our
fax-on-demand service, at:
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- ◆ Call
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Forms Order Line at:
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To:

Taxpayers mandated to make Sales and Use Tax payments by Electronic Funds Transfer (EFT)

This bulletin serves as a reminder to all taxpayers mandated by law to make Sales and Use Tax payments by Electronic Funds Transfer (EFT). This includes both return payments (Form ST-1) and quarter-monthly payments (Form RR-3).

You **do not** have the option of making your payments by mail or any other means, other than Automated Clearing House debit (ACH debit) or Automated Clearing House credit (ACH credit), and Fedwire, allowed only in case of an emergency. In addition, if we receive your payment after the due date, we will assess a late-payment penalty.

What is EFT?

EFT is an electronic payment method that you use to pay your tax liabilities. Instead of writing a check for the amount of tax due, you authorize financial institutions to deduct funds from your bank account and credit to ours.

EFT only changes the manner in which certain types of tax payments are made. It does not change the due dates when tax payments and tax returns are required to be filed.

Who is mandated to use EFT?

You **must participate** in the EFT program if your annual Sales and Use Tax liability is \$200,000 or more.

What EFT payment options do I have?

You have two primary options for payment by EFT, along with one emergency backup option. These are:

- ◆ Automated Clearing House Debit (ACH debit);
- ◆ Automated Clearing House Credit (ACH credit); and
- ◆ Fedwire, only as an emergency backup option.

ACH **debit** is the electronic transfer of funds from your account when you instruct our data collection service to transfer the funds. The funds then clear the ACH and are deposited in our account.

ACH **credit** is an electronic transfer that occurs when you tell your own financial institution to originate an entry for deposit in our account. We recommend that you contact your bank to determine what ACH services they offer before you choose this option.

Fedwire is an option we offer **only** as an emergency backup. If for some reason you are unable to initiate an ACH debit or ACH credit in order to be considered timely, Fedwire is the only alternative electronic method available to avoid late-payment penalty and interest.

What happens if my payment is not deposited by the due date?

If your payment is not deposited by the due date, we will assess a late-payment penalty of up to 15 percent.