STATE OF CALIFORNIA
FRANCHISE TAX BOARD

# *Electronic Funds Transfer Program*

## *Information Guide*

*1998 Edition*

# For EFT Assistance . . .

If you have questions regarding Franchise Tax Board's (FTB's) EFT Program, you may call FTB between 8:00 a.m. and 5:00 p.m., Pacific Time, Monday through Friday.

For general assistance please call:

**1-800-852-2753**

For specific information regarding registration or EFT payment transactions please call:

**(916) 845-4025**

Or visit our website at **http://www.ftb.ca.gov/elecserv/EFT.ASP**
If you prefer to write, our address is:

**Franchise Tax Board**
Attn: EFT Unit
PO Box 942857
Sacramento CA 94257-0501
FAX: (916) 845-5340

# FRANCHISE TAX BOARD
# EFT INFORMATION GUIDE
# TABLE OF CONTENTS


**I. Introduction** ..... 1

**II. Program Participation**
Mandatory Participation..... 2
Voluntary Participation ..... 2
Waiver from Participation in EFT..... 3

**III. Payment Options**
ACH Debit
Description of Reporting Method ..... 4-6
ACH Credit
Description of Reporting Method ..... 7-8

**IV. Registration**
How to Register ..... 9
Changes To Registration..... 9

**V. General Information**
Payments Due by EFT ..... 10
Payment Due Date ..... 10
Weekends and Holidays..... 10
Corrections ..... 10-11
Emergencies..... 11
Penalties..... 11-12
Verification of Timely Payment..... 12
Proof of Payment ..... 12
Refunds..... 12

**VI. Filing Your Tax Forms** ..... 13-14

**VII. Appendix**
A. ACH Debit Instructions
Calling Instructions ..... A-1 – A-2
Touch–Tone Script..... A-3 – A-5
PC Instructions ..... A-6
B. ACH Credit Instructions
Record Formats..... B-1 – B-3
Description of TXP Addendum Record Fields . B-4
C. Tax Type Codes..... C-1
D. Glossary of Terms and Acronyms..... D-1 – D-3

**VIII. Authorization Agreement for Electronic Funds Transfer (FTB 3815) (two copies)**

**IX. Electronic Funds Transfer Election to Discontinue or Waiver Request (FTB 3816) (two copies)**

# I. INTRODUCTION

Electronic Funds Transfer (EFT) is a method for financial institutions to transfer money from one account to another, eliminating the use of paper checks. This can be initiated by telephone or through the use of a computer with a modem.

Benefits associated with making payments by EFT include: reduced paper processing and errors associated with it; reduced costs related to check processing and postage; and faster response time to inquiries regarding the status of tax payments.

**Background**

EFT has been used for many years by the federal government and by private businesses. Direct deposit of Social Security payments and employees' wages are commonly made through EFT. Many businesses use EFT to pay their suppliers for goods and services.

In 1988, Indiana became the first state to establish an EFT program for its taxpayers. Since that time, the number of states implementing EFT programs for payment of state taxes has steadily increased.

With the passage of Senate Bill (SB) 467 (Stats. 1991, Chapter 473) California became the 24th state to implement EFT for the payment of state taxes. SB 467 required the following departments to implement EFT programs for taxpayers who meet specific criteria for the taxes listed below:

Board of Equalization – Sales and Use Taxes

Employment Development Department – Disability Insurance and Personal Income Tax Withholdings

Franchise Tax Board (FTB) – Bank and Corporation Taxes

The California Department of Insurance has implemented an EFT program and other California state departments are determining whether to allow payment of taxes and fees by EFT.

Each participating state department will notify taxpayers separately when they meet its EFT requirements. If taxpayers are contacted by more than one department, each must be responded to separately.

# II. PROGRAM PARTICIPATION

**Mandatory Participation**

California law requires bank and corporation taxpayers who meet the following criteria to remit all payments by EFT:

Beginning January 1, 1993,

- Any taxpayer with any estimated tax payment or extension payment exceeding $50,000, or
- Any taxpayer whose total tax liability exceeds $200,000 for any income year beginning on or after January 1, 1991.

Beginning January 1, 1995, any taxpayers who meet the following criteria are required to remit all payments by EFT:

- Any taxpayer with any estimated tax payment or extension payment exceeding $20,000, or
- Any taxpayer whose total tax liability exceeds $80,000 for any income year beginning on or after January 1, 1995.

**Once you are identified as a mandatory participant, all your corporate income and franchise tax payments must be remitted by EFT regardless of the type of payment, the amount of payment, or the income year the payment is for.**

**Voluntary Participation**

California law also allows voluntary participation in the EFT program. If you do not meet the thresholds established for mandatory participation, you may request to participate in the program on a voluntary basis. If you would like more information or would like to register for the program, please call FTB at **1-800-852-2753**.

Once registered as a voluntary participant, you will be subject to regulations and provisions established for mandatory participation, excluding the penalty for non-EFT payment. (See Chapter V.)

If you volunteer for EFT and then make a tax payment that meets the criteria for mandatory participation, you will be notified of your change to mandatory status. You will then become subject to the penalty for non-EFT payment.

## Waiver from Participation in EFT

You may request a waiver from participation in the EFT program. FTB may grant a waiver only if it determines that the particular amounts paid in excess of the threshold amounts were not representative of your tax liability. FTB will notify you within 15 days of receipt of the request for a waiver as to whether the waiver from participation has been granted or denied. You must remit payments by EFT until you receive an approval of your request for waiver. An **EFT Waiver Request** (FTB 3816), is included in the back of this guide.

If you receive notification that you meet the mandatory requirements but you disagree with this determination, you may file an **EFT Waiver Request** (FTB 3816). Complete and return this form to FTB at least 30 days prior to the due date of your first EFT payment.

If you are a mandatory EFT taxpayer and your total tax liability falls below the threshold amount, you may elect to discontinue participation in the EFT program. You must complete and return an **EFT Waiver Request** (FTB 3816) at least 30 days prior to your next payment due date.

If you are a voluntary EFT participant and want to elect to discontinue participation in the EFT program, you may file an **EFT Waiver Request** (FTB 3816) to discontinue making payments by EFT. Complete and return this request at least 30 days prior to your next payment due date.

# III. PAYMENT OPTIONS

There are two reporting methods for making EFT payments: Automated Clearing House (ACH) Debit and ACH Credit. As their names indicate, both transactions are processed through the ACH system.

The differences between the two methods are explained in this section so you can select the payment method you prefer. After you select a payment method, complete an **Authorization Agreement for Electronic Funds Transfer** (FTB 3815). This form is located at the back of this publication. See the next chapter for more information on how to register for EFT.

## Automated Clearing House (ACH) Debit

**Definition**

The ACH Debit method allows you to transfer funds by authorizing the state to electronically debit a bank account you control for the amount that you report to the state's data collector. **Your account will be debited only upon your initiation and for the amount you specify.**

**Cost**

The state pays the cost for you to report an ACH Debit payment. You will be responsible for the fee, if any, your financial institution may charge you for the actual transfer of funds.

**Pre-Note Test**

When you complete the EFT registration material, you will provide the bank routing number and the specific account you want debited when you make your payments. Your bank information will be forwarded to the state's data collector. The data collector will then initiate a pre-note (prenotification) test. The pre-note is a zero dollar transaction to your account to verify the bank information you provided. This must be processed at least 10 days prior to your first EFT payment.

**Security**

When you report your first payment, if you call the data collector's toll-free telephone number through touch-tone telephone you will establish/initialize your security code. If you use a personal computer to report your payment, the data collector will preassign a security code and provide it to you in a software package.

The security code is a 4-digit numeric code of your choice. FTB has no knowledge of the security code you establish with the data collector. You may change your security code at any time by calling the data collector's toll-free telephone number. Instructions on how to establish or change your security code will be provided after you submit an **Authorization Agreement for Electronic Funds Transfer** (FTB 3815) registering for the ACH Debit method.

**FTB does not have access to your bank account without your authorization. The ACH Debit method can only be initiated by using your taxpayer identification number along with your unique security code that you create. Funds can only be transferred to the state's bank account at your request.**

## How To Report A Payment

To make an ACH Debit payment, simply call a toll-free number for the state's data collector using either of the following methods:

- touch-tone telephone; or
- personal computer with a modem.

When you call you will be asked to provide the following information:

- taxpayer identification number (TIN);
- security code;
- tax type code;
- income year ending date;
- payment amount;
- bank account debit date; and
- verification code.

Upon completion of the transaction, the data collector will provide you with a reference number and initiate the ACH Debit transaction.

Detailed reporting information and sample scripts of communication between you and the state's data collector are provided in Appendix A.

If you will be reporting your payment from outside of the United States, call FTB at (916) 845-4025 to receive a toll free number for the data collector.

## When To Report A Payment

For an EFT payment to be timely, the funds transferred must settle into the state's bank account no later than the first banking day following your payment due date.

To ensure your payment settles into the state's account on time, you must call the data collector on or before the due date of your payment. The funds will settle into the state's bank account on the date you specify the funds to be debited from your bank account.

You may call the data collector at any time to report your payment. The service is available 24 hours a day year-round. Calls completed by 3:00 p.m. Pacific Time will be initiated that day and will settle into FTB's bank account the following banking day. If you call on your payment due date, you must allow enough time to complete your call by 3:00 p.m. Pacific Time. Otherwise, your payment will not be initiated until the next banking day and will be late.

### Warehousing a Payment

This feature allows you to call the data collector and select a future date for your payment to transfer into the state's bank account. You may designate any banking day up to 60 days in advance, as the debit date of the payment. (The debit date is the date the payment will transfer out of your bank account and into the state's bank account.) Your payment will remain ''warehoused'' at the data collector until it is released one day prior to the selected debit date. For example, if you will be out of the office on the payment due date, you may initiate a payment earlier in the month with instructions to transfer the funds on the desired debit date.

## Cancellations, Inquiries

You may cancel or inquire about a previously reported transaction by calling the data collector's touch-tone telephone number before 3:00 p.m. Pacific Time on or before your payment due date. You may make inquiries up to 45 days after you have reported a payment.

## Tracing an ACH Debit Payment

The data collector will provide you with a reference number when you finish reporting a payment. The number will indicate the date you reported your payment and will assist FTB in tracing your payment. You should keep this reference number for your records.

## Automated Clearing House (ACH) Credit

**Definition**

The ACH Credit method allows you to transfer funds by instructing your financial institution to debit your account and credit the state's bank account.

**Cost**

You must pay the fees charged by your financial institution for any set-up costs and for each ACH Credit transaction initiated.

**Record Formats**

Your financial institution will be debiting your account and crediting the state's bank account through the ACH network. In order to report your tax payment correctly, your financial institution **must** originate your payment using the Cash Concentration or Disbursement plus Tax Payment Addendum (CCD+/TXP) format. This is the standard format that has been adopted for tax payments by the National Automated Clearing House Association (NACHA).

**Before you select the ACH Credit method, you should check with your financial institution to confirm that they can originate an ACH Credit transaction in the required record formats shown in Appendix B.**

**How To Report A Payment**

Since your financial institution will originate your payment, you should contact them for specific procedures to follow to report a tax payment.

At the time you contact your financial institution to report your payment, you must provide them with the filing information required to complete the ACH CCD+/TXP records (such as tax type, income year ending date and payment amount).

The freeform portion of the TXP Addendum Record, which is completed by your financial institution, must be precisely structured as shown in the TXP Addendum Record provided in Appendix B-3. **Payments remitted in an incorrect format can result in incorrect payment posting or incorrect billing of penalties and require manual processing.**

If you choose the ACH Credit method, we will mail you FTB's EFT bank account and routing/transit number upon receipt of your **Authorization Agreement For Electronic Funds Transfer** (FTB 3815). This form is located at the back of this publication. You must take this information to your financial institution before you report your first payment.

**If you are making payments to more than one California state department, please note that each tax department has its own bank account number and requests different information in the free form area of the Tax Payment (TXP) Addendum Record. Although the actual addendum formats for each department may look similar, the information requested is different.**

## When To Report A Payment

To be timely, your tax payment must settle into the state's bank account by the first banking day following your tax payment due date. You must check with your financial institution to determine when you should originate your payment so that it will settle in the state's bank account on time.

**The state cannot guarantee timely settlement for an ACH Credit transaction.**

## Pre-Note Test

It is **strongly** recommended that you request your financial institution to process a pre-note (prenotification) test to validate the state's routing/transit number and bank account number. The pre-note is a zero-dollar transaction processed at least 10 days prior to initiation of your first EFT payment.

## Corrections

If you use the ACH Credit method and discover you have reported erroneous information to your financial institution, you must contact them for assistance. You are responsible for any errors in reporting or transmitting an ACH Credit transaction.

## Tracing an ACH Credit Payment

You are responsible for tracing the payment. If a problem occurs, you should contact your financial institution.

# IV. REGISTRATION

**How To Register**

To register for participation in the EFT program, please complete the **Authorization Agreement for Electronic Funds Transfer** (FTB 3815). This form is located at the back of this publication. Mail the completed form to the FTB EFT Unit address on the bottom of the form. We will review the **Authorization Agreement** and mail you a registration confirmation.

**Changes To Registration**

Please contact FTB at (916) 845-4025 immediately if you:

- use the ACH Debit method and you change financial institutions or account numbers;
- change your corporation name through the Secretary of State;
- change payment methods (between ACH Debit and ACH Credit);
- have a new individual authorized to change your security code; or
- have a new EFT contact person.

# V. GENERAL INFORMATION

**Payments Due by EFT**

Once you are required to participate in FTB's EFT program, **all** payments (excluding Orders to Withhold, Earnings Withholding Orders, Liens, Tax Withheld at Source, Nonadmitted Insurance Tax, etc.) to FTB must be made by EFT regardless of the type of payment, the amount of payment, or the income year the payment is for. You may, however, remit Tax Withheld at Source and Nonadmitted Insurance Tax payments by EFT if you choose.

**Payment Due Date**

Your payment due date will remain the same. To be considered timely, your EFT payment must settle into the state's bank account by the first banking day following your payment due date.

**Weekends and Holidays**

If your payment due date falls on a Saturday, a Sunday or a holiday, EFT payments received by the next business day will be considered timely.

Example: If your payment due date falls on a Saturday or Sunday, your new payment date will be Monday. Your EFT payment must settle into the state's account by Tuesday.

The following banking holidays are recognized by the State of California:

| | |
|---|---|
| New Year's Day | January 1 |
| Martin Luther King, Jr. Day | Third Monday in January |
| President's Day | Third Monday in February |
| Memorial Day | Last Monday in May |
| Independence Day | July 4 |
| Labor Day | First Monday in September |
| Columbus Day | Second Monday in October |
| Veteran's Day | November 11 |
| Thanksgiving Day | Fourth Thursday in November |
| Christmas Day | December 25 |

**Corrections**

If you make a mistake on an ACH Debit payment, regardless of input method, call the data collector on or before your payment due date. If you call on your payment due date, you must complete your call by 3:00 p.m. Pacific Time.

If you make a mistake on an ACH Credit or Fedwire payment, you must contact your financial institution for their correction procedures.

For any payment method, if the data collector or your financial institution has already transmitted your payment, you must call FTB at **1-800-852-2753**. FTB will resolve the payment problem following existing procedures.

## Emergencies

If you experience a problem making payments through the ACH Debit or ACH Credit methods, call (916) 845-4025 between 8:00 a.m. and 5:00 p.m., Pacific Time, Monday through Friday, to get instructions for making your payment.

The banking industry offers a same-day electronically transmitted payment system which is called a Fedwire. This is not one of the methods approved for ongoing transactions because of the risk of error and the extra cost involved for both the sender and receiver. Your financial institution may charge significant fees to process a Fedwire payment.

**You <u>must</u> call FTB at (916) 845-4025 to obtain approval and instructions before remitting your tax payment by Fedwire.**

## Penalties

### EFT Penalty

If you are required to remit payments by EFT and you remit payment by other means (e.g., check, cash, etc.), **you will be assessed a penalty equal to 10 percent of the amount paid,** unless you can substantiate that the failure to make the payment by EFT was for reasonable cause and not the result of willful neglect. Voluntary participants of EFT are not subject to the EFT penalty.

If you have a question regarding the assessment of an EFT penalty, write to:

Franchise Tax Board
PO Box 942857
Sacramento CA 94257-0501
Attn: EFT Unit

### Non-Sufficient Funds (NSF)

If an EFT transaction is not completed due to non-sufficient funds, the following penalty will be assessed:

- if the payment is less than $750.00, the penalty is $15.00; or
- if the payment is $750.00 or more, the penalty is 2 percent of the payment.

**In addition, late or underpayment penalties may be assessed.**

### Verification of Timely Payment

When you report your ACH Debit payment, you will receive a reference number from the state's data collector. This will serve as verification of the date you reported your payment.

If you use the ACH Credit payment method, your financial institution will be responsible for verification of timeliness.

### Proof of Payment

If proof of payment is required, it is your responsibility to work with your financial institution to obtain verification that funds were transferred from your account into the state's account.

### Refunds

At this time, refunds will not be issued electronically through the ACH network. Rather, current FTB refund procedures will be followed.

# VI. FILING YOUR TAX FORMS

**Estimated Tax (Form 100-ES)**

When you make your estimated tax payments by EFT, do not send in an estimated tax voucher. Your FTB account will be updated by the tax type code transmitted with your payment. With each payment you **must** use the correct code and specify the income year ending date.

**Bank and Corporation Payments**

- 02124 1st Quarter Bank and Corporation Estimated Tax
- 02125 2nd Quarter Bank and Corporation Estimated Tax
- 02126 3rd Quarter Bank and Corporation Estimated Tax
- 02127 4th Quarter Bank and Corporation Estimated Tax

**Extensions**

You will be granted an automatic 7 month extension of time to file your tax return if the return is filed within 7 months of the original due date and the corporation is in good standing on the original due date. There is no need for you to file an extension request, however, any tax due must be transmitted by the original due date to avoid an underpayment penalty. Use the following Extension Payment tax type code and specify the income year ending date the payment is for.

- 02414 Bank and Corporation Extension Payment

**Tax Return (Forms 100, 100S, 109, 199)**

You must still mail your tax return to FTB by the due date, but your payment due, if any, must be transmitted by EFT. Use the following Payment for Return tax type code and specify the income year ending date the payment is for.

- 02211 Bank and Corporation Payment for Return

**Amended Return (Forms 100X, 100-FEE-X)**

If it is necessary for you to file an amended return, you must mail in the actual amended tax return to FTB. Any tax due must be transmitted by EFT. Use one of the following Payment for Return tax type codes and specify the income year ending date the payment is for.

- 02211 Bank and Corporation Payment for Return
- 03620 Water's-Edge Amended Fee Payment

## Billings

If you are remitting a payment for a billing (e.g., tax, penalty, interest, return information notice, etc.), do not send in the payment stub. Use one of the following tax type codes and specify the income year ending date the payment is for.

**Bank and Corporation Payments**

- 02516 Billing Payment (e.g., Notice of Balance Due, Final Demand Notice, Return Information Notice, etc.)
- 02512 Notice of Proposed Assessment (e.g., Payment as a result of an audit but prior to receiving a Notice of Balance Due)
- 02028 Secretary of State Certification Penalty

**Water's-Edge Payments**

- 03022 Billing Payment
- 03572 Notice of Proposed Assessment

## Tax Withheld at Source (Forms 592, 592-A, 592-B, 594, 597)

When you remit withholding for nonresident payees by EFT, you must still mail Form 592, Nonresident Withholding Annual Return and Form 592-B, Nonresident Withholding Tax Statement. These forms are due by January 31st, after the close of the calendar year. It is necessary to send the completed:

Form 597 Nonresident Withholding Tax Statement for Real Estate Sales, OR

Form 594 Notice to Withhold Tax at Source

It is not necessary to complete or mail:

Form 592-A Nonresident Withholding Remittance Statement

Use the following tax type code and specify the income year ending date. **Note: This does not include wage withholding for employees.**

- 01190 Tax Withhold at Source Payments

## Nonadmitted Insurance (NIT) (Form 570)

When remitting NIT payments by EFT, you must still mail Form 570, Nonadmitted Insurance Tax Return, by the first day of the third month following the close of any calendar quarter during which a nonadmitted insurance contract took effect or was renewed. Use the following tax type code and specify the income year ending date.

- 02020 Nonadmitted Insurance Tax Payments

# ACH DEBIT CALLING INSTRUCTIONS

**Before You Call**

The following pages explain what information you will need to report your EFT payment. We have provided a sample script of the questions that will be asked.

**Taxpayer Identification Number (TIN)**

Your EFT Taxpayer Identification Number is your 7-digit California corporation number (refer to your registration confirmation letter (FTB 3823). **Please include leading zeroes if your corporation number is less than 7 digits.**

**Type of Transaction**

When you call the data collector, you will be given the option to perform one of the following:

- **payment** – report a tax payment;
- **cancellation** – cancel a previously reported payment (allowable until 3:00 p.m., Pacific Time on your payment due date);
- **inquiry** – request information on a previously reported payment (allowable until 3:00 p.m., Pacific Time on your payment due date); or
- **security code change** – if you know your security code and would like to change it.

**Security Code**

This is the 4-digit code you establish prior to or at the time you report your first payment.

If you know your security code, you may change it at any time by calling the data collector. If you have lost or forgotten your selected security code, an authorized representative from your company must call FTB at **(916) 845-4025** for assistance.

**Tax Type Code**

Please refer to the table of Tax Type Codes, Appendix C. The left column lists the types of payments you can make by EFT. The column on the right lists the 5 digit code for each payment.

**Income Year Ending Date**

This date is reported as MMYY. It is the income year ending date for the year of the tax liability being paid. **Do not use the date the payment is due.** 01-12 are valid entries for the month.

Tax Withheld at Source payment are always reported on a calendar year basis, unless the payment is delinquent and the year is the current year.

The date for Nonadmitted Insurance Tax payments is the month/year for the quarter in which the payment is being made.

**Amount**

The amount of the payment including cents.

**Verification Code**

The verification code ensures accuracy of the payment amount reported. To complete the call successfully, your pre-calculated verification code must equal the data collector's system generated verification code. The verification code must be two digits (e.g., 09).

**NOTE: The verification code does not eliminate the possibility of transposed numbers.**

Compute the verification code as follows:

Example: Assume your tax payment is $75,150.55

a. Total all digits in the tax payment:
   7 + 5 + 1 + 5 + 0 + 5 + 5 = 28
b. Count the number of digits in your tax payment:
   7,5,1,5,0,5,5 = 7
c. Add a + b. In this example, the verification code is 35 (28+7)

**Warehoused Payment Debit Date**

When you report a payment, you will be asked the following question, ''What date would you like your bank account debited?'' In order for your payment to be timely, you must enter a date no later than the business day following your payment due date. You may make a payment up to 60 days in advance of your payment due date. **The system will not accept the current date as a valid date. Also refer to When To Report Your Payment, page 6.**

*Note: If you do not enter a value for this field, your payment will automatically transfer the next banking day.*

**After You Report Your Payment**

The data collector will provide a 5-digit reference number after your transaction is completed. Keep this number for verification of the date you reported your payment.

# ACH DEBIT TOUCH-TONE SCRIPT

Please refer to page A-1 ''Before you Call'' so that all necessary information you will need is available when you report your payment.

**Touch Tone Tips**

- Press '#' after each entry;
- After data is repeated, press '#' if correct, or '*' if incorrect;
- To speak with an operator, perform an inquiry, or perform a cancellation, press '***' in quick succession after any prompt;
- Press '#' at any time to bypass or skip the system's recording;
- Press '*' to restart the current prompt;
- If you make three errors in one field, the system will automatically refer you to an operator;
- If you hang up the telephone prior to entering the verification code, your call will be canceled and no information will be captured.

**Step 1.** Caller: Dial 1-800-554-7500

**Step 2. System:** **Welcome to the California EFT System. If you are calling from a touch-tone phone, please press '1' now. If you have a rotary phone, please hold the line for operator assistance.**

Caller: 1#

**Step 3. System:** **To expedite your call, please press the pound sign after each entry and after the system repeats your entry. If your entry or what you hear is NOT correct, press the '*' key and the system will reprompt that field. At any time during the recording, press the '*' key three times to transfer to an operator.**

**Step 4. System:** **For Board of Equalization (BOE), press '1'.**
**For Employment Development Department (EDD), press '2'.**
**For Franchise Tax Board (FTB), press '3'.**
**For California Department of Insurance (CDI), press '4'.**
**For Public Employee Retirement System (PERS), press '5'.**

Caller: 3#

**Step 5. System:** **To make a tax payment, press '1'. To perform a cancellation or inquiry, press '2'. For a Security Code change, press '3'.**

Caller: 1# (proceed to next step)
2# (proceed to beginning of voice operator script)
3# (respond to system prompts)

**Step 6. System:** **For Bank and Corporation taxes, Press '1'. For Personal Income Tax, press '2'. For Vehicle Registration Collection, press '3', or Child Support, press '4'.**

Caller: 1# (proceed to next step)
2#
3#
4# } (please call FTB at 916-845-4025 for more information)

**Step 7. System:** **Enter your 7-digit FTB Entity Identification Number.**

Caller: _____#

**System:** **You entered _____.**

Caller: Press '#' to accept, or '*' to correct and reenter.

**Step 8. System:** **Enter your Security Code.**

Caller: _____#

**Step 9. System:** **Enter your Tax Type Code.**

Caller: _____# (Refer to Page C-1)

**System:** **You entered _____.**

Caller: Press '#' to accept, or '*' to correct and reenter.

**Step 10. System:** **Enter your Tax Period Ending Date (MMYY).**

Caller: _____# (Refer to Page A-2)

**System:** **You entered _____.**

**Step 11. System:** **Enter the amount of your Tax Payment.**

Caller: $_____.__#

**System:** **You entered _____ dollars and __ cents.**

Caller: Press '#' to accept or '*' to correct and reenter.

**Step 12. System:** **Enter Verification Code.**

Caller: _____#

**Step 13. System:** **Enter the date you would like your bank account debited (MMDDYY).**

Caller: _____#

**System:** **You entered _____.**

Caller: Press '#' to accept or '*' to correct and reenter.

**Step 14. System:** **Tax report accepted. Your Reference Number is _____. Repeating, your Reference Number is _____. Please record this number for your records.**

**Step 15. System:** **To disconnect, press '1'. To continue with additional functions, press '2'.**

Caller: 1# – Thank you for using the California EFT System.
2# – (return to step 4)

# ACH DEBIT PERSONAL COMPUTER INSTRUCTIONS

If you choose to make your ACH Debit payments via Personal Computer, you will be required to:

**Step 1.** **Call the Data Collector, First Data Corporation, Customer Service telephone number 1-800-332-4125 to receive a software package, minimum hardware requirements, and installation instructions.** If you have questions regarding installation, please call the Data Collector Customer Service telephone number, 1-800-332-4125.

**Step 2.** **The software will come with a security code preassigned. You should change it to a code that is unique to you by calling the Data Collector at 1-800-554-7500 and follow the system prompts of the security code change option.**

If at any time you are not able to complete your payment using a personal computer, you may utilize the touch-tone telephone method.

# ACH CREDIT NACHA RECORD FORMATS

ACH Credit transactions must be transmitted in the National Automated Clearing House Association (NACHA) approved Cash Concentration or Disbursement Plus Tax Payment Addenda (CCD+/TXP) Record Format. The following pages list the NACHA formats.

**If you choose to use the ACH Credit payment method, you must provide the following formats (Appendix B) to your financial institution as soon as possible.** This will allow them to confirm that they can originate an ACH transaction in the required format. **An ACH Credit transaction is not the same as a regular wire transfer or Fedwire.**

It is **strongly** recommended you request your financial institution to process a prenote at least 10 days prior to your first EFT payment to ensure proper transmission.

NACHA record formats for CCD+ entries flow in the following order:

File Header Record

Company/Batch Header Record

Entry Detail Record (See Appendix B-2)

TXP Addendum Record (carries an 80 character free form field) (See Appendix B-3)

Company/Batch Control Record

File Control Record

The following pages describe the data contained in the Entry Detail and TXP Addendum Records. For complete information on NACHA formats, specifications and definitions, please refer to the NACHA Rule Book. You may obtain a copy of the NACHA Rule Book from your financial institution or from Western Payments Alliance (WesPay) at **(415) 871-8762**.

# CCD+ TRANSACTION ENTRY DETAIL RECORD

| FIELD | DATA ELEMENT NAME | CONTENTS | LENGTH | POSITION |
|---|---|---|---|---|
| 1 | Record Type Code | "6" | 1 | 01-01 |
| 2 | Transaction Code | Numeric | 2 | 02-03 |
| 3 | Receiving DFI Identification | "12200049" | 8 | 04-11 |
| 4 | Check Digit | "6" | 1 | 12-12 |
| 5 | DFI Account Number | * Alpha/numeric | 17 | 13-29 |
| 6 | Amount | $$$$$$$$$cc | 10 | 30-39 |
| 7 | Individual Identification Number | ** XXXXXXXAAXAA | 15 | 40-54 |
| 8 | Individual Name | "FTB" | 22 | 55-76 |
| 9 | Item Type | *** Alpha/numeric | 2 | 77-78 |
| 10 | Addenda Record Indicator | "1" | 1 | 79-79 |
| 11 | Trace Number Indicator | *** Numeric | 15 | 80-94 |

* This field contains Franchise Tax Board's bank account number. This number will be provided after you return your Authorization Agreement (FTB 3815) selecting the ACH Credit payment method.

** This field contains your taxpayer identification number. Left justify and fill remaining positions with zeros.

*** Provided by the originating bank.

The information noted in the **Contents** column of Fields 1, 3, 4 and 8 is constant information and **must** be included in the Entry Detail Record.

# TXP ADDENDUM RECORD

| TXP FIELD NO. | FIELD NAME | FIELD REQUIRE. | DATA ELEMENT TYPE | LENGTH | CONTENTS |
|---|---|---|---|---|---|
| | Record Type | M | | 1 | "7" |
| | Addenda Type Code | M | | 2 | "05" |
| | Segment Identifier | M | | 3 | "TXP" |
| | Separator | | | 1 | * |
| TXP01 | Taxpayer ID # | M | AN | 12 | XXXXXXXAAXAA |
| | Separator | | | | * |
| TXP02 | Tax Type Code | M | N | 5 | XXXXX |
| | Separator | | | | * |
| TXP03 | Income Year Ending Date | M | N | 6 | YYMMDD |
| | Separator | | | | * |
| TXP04 | Amount Type | M | A | 1 | "T" |
| | Separator | | | | * |
| TXP05 | Amount | M | N | 1/10 | $$$$$$$$cc |
| | Terminator | | | | \ |

M = Mandatory A = Alpha N = Numeric AN = Alpha and Numeric

The information noted in the **Contents** column of Record Type, Addenda Type Code, Segment Identifier and Amount Type (Field TXP04) is constant information and **must** be included in the TXP Addendum Record.

The following is an example of an addendum transmitted for an FTB payment. (Example only) 705TXP*1234567AA1BB*02124*921200*T*5847500\

# DESCRIPTION OF TXP ADDENDUM RECORD FIELDS

| Field # | Description |
|---|---|
| **TXP01** | **EFT Taxpayer Identification Number**<br>• The first 7 digits are your FTB California corporation number (refer to your registration confirmation letter (FTB 3824)). Please include leading zeroes if your corporation number is less than 7 digits.<br>• The last 5 digits are your corporation's posting control. The posting control is an FTB system generated code. It is used internally to help identify corporation accounts. Taxpayers are not familiar with this code but it will be provided with registration information for the ACH Credit payment method. **If these last 5 digits of your Identification Number contain an asterisk, it must be included (in addition to the separator) to ensure proper posting.** |
| **TXP02** | **Tax Type Code**<br>Please refer to the table of Tax Type Codes, Appendix C. The left column lists the types of payments you can make by EFT. The column on the right lists the 5-digit code for each payment. |
| **TXP03** | **Income Year Ending Date**<br>Income year ending date for the year of the tax liability. **Do not use the date the payment is due.**<br>YY – Income year<br>MM – 01-12 are valid entries.<br>DD – Enter the last day of the month for the income year ending date. ''00'' is a valid entry.<br>Tax Withheld at Source payments are always reported on a calendar year basis, unless the payment is delinquent the year is the current year.<br>The date for Nonadmitted Insurance Tax payments is the month/year for the quarter in which the payment is being made. |
| **TXP04** | **Amount Type**<br>Always enter **" T "** |
| **TXP05** | **Amount**<br>The amount of your payment including cents. Do not include a decimal point to denote the cents. |

# TAX TYPE CODES

Use the following tax type codes when you report your payment. **You must use the correct code to ensure proper credit to your FTB account.**

## BANK AND CORPORATION PAYMENTS

| | |
|---|---|
| Payment for Return (Forms 100, 100S, 100X, 109, 199) | 02211 |
| Extension Payment | 02414 |
| 1st Quarter – Estimated Tax Payment | 02124 |
| 2nd Quarter – Estimated Tax Payment | 02125 |
| 3rd Quarter – Estimated Tax Payment | 02126 |
| 4th Quarter – Estimated Tax Payment | 02127 |
| Billing Payment (e.g., Notice of Balance Due, Return Information Notice, Final Demand Notice, etc.) | 02516 |
| Notice of Proposed Assessment Payment (NPA) (e.g., Payment resulting from an audit but prior to receiving a Notice of Balance Due.) | 02512 |
| Secretary of State Certification Penalty (SOS Cert.) | 02028 |

## WATER'S EDGE PAYMENTS

| | |
|---|---|
| Amended Fee Payment (Form 100-FEE-X) | 03620 |
| Billing Payment | 03022 |
| Notice of Proposed Assessment Payment (NPA) | 03572 |

## TAX WITHHELD AT SOURCE PAYMENTS

| | |
|---|---|
| Tax Withheld at Source (Forms 592, 592-A, 592-B, 594, 597) | 01190 |

## NONADMITTED INSURANCE TAX PAYMENTS

| | |
|---|---|
| Nonadmitted Insurance Tax (Form 570) | 02020 |

# GLOSSARY OF TERMS AND ACRONYMS

**ACH** "Automated Clearing House" means any entity that operates as a clearing house for electronic debit or credit entries pursuant to an agreement with an association that is a member of the National ACH Association.

**ACH Credit** The "ACH Credit" is one means by which money is transferred electronically through the automated clearing house (ACH) network. An ACH Credit transaction is one in which the taxpayer, through his or her own bank, originates an entry crediting the state designated bank account, and debiting his or her own bank account for the amount of the tax payment.

**ACH Debit** Under the ACH Debit method, upon the taxpayers initiation, the state, through its depository bank, originates an ACH transaction debiting the taxpayer's designated bank account and crediting the state's bank account for the amount of the payment.

**CCD+** "Cash Concentration or Disbursement Plus Addenda" is a standard NACHA data format used to make ACH Credit/Debit transactions. The CCD+ format combines the widely used CCD format with a single addendum record that can carry 80 characters of payment-related data known as the TXP (see also "TXP", page D-3).

**Data Collector** Also known as the third-party vendor, the data collector is the party responsible for the collection of taxpayers' payment information for an ACH Debit transaction. Taxpayers may report information to the data collector by means of telephone or personal computer.

**EFT** "Electronic Funds Transfer" is a term that identifies the type of systems used to transfer payments or funds electronically. EFT refers to any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape, so as to order, instruct, or authorize a financial institution to debit or credit an account.

**Fedwire** One wire transfer system used generally to transfer large dollar amounts instantaneously and which is provided by the Federal Reserve System.

**FRB** "Federal Reserve Bank" is the central banking system of the United States, consisting of twelve regional reserve banks and those member depository institutions that are subject to reserve requirements.

**NACHA** The "National Automated Clearing House Association" is the association that establishes the standards, rules and procedures that enable depository financial institutions to exchange ACH payments on a national basis.

**Nonadmitted Insurance Tax** **"Nonadmitted Insurance Tax" payments are not required to be remitted by EFT.** Effective 1/1/94, the ''Nonadmitted Insurance Tax'' is a 3% tax on insurance that is purchased from an insurance company that does not have an office in California and is not regulated by the California Department of Insurance. For more information contact the FTB Insurance Premiums Desk at (916) 845-4900.

**ODFI** The "Originating Depository Financial Institution" is the financial institution that originates ACH entries at the request of, and by agreement with, its customers. ODFIs must abide by the provisions of the NACHA Operating Rules and Guidelines.

**Pre-note Test** A zero-dollar entry sent through the ACH network to verify banking information. If a pre-note (prenotification) is processed, it must be done at least 10 calendar days before EFT payment initiation.

**Reference Number** A number provided by the data collector to callers using the ACH Debit payment method. Given after a caller has provided information needed to initiate a payment, the reference number indicates the date the payment was reported and can be used to aid in the tracing of a payment. Reference numbers may also be used in Fedwire transactions.

**Settlement Date** The date an exchange of funds, with respect to an entry, is reflected on the books of the Federal Reserve Bank.

**Tax Withheld-at-Source** **"Tax Withheld-at-Source" payments are not required to be remitted by EFT.** ''Tax Withheld-at-Source'' is tax withheld on California source payments exceeding $1,500 made to nonresidents of California and entities not qualified to do business in California. ***Tax Withhold-at-Source does not include wage withholding for employees.*** For more information, contact the FTB Withhold-at-Source Unit at (916) 845-4900.

**Third Party payment** A payment made to FTB by one entity on behalf of another.

**TXP** The "Tax Payment" banking convention record format contains the data format, contents and implementation suggestions for taxpayers to pay state taxes through the ACH under the ACH Credit method. This convention is to be used with the NACHA CCD+ format and is used in the majority of other states using EFT for tax collections. The format is carried in the 80-character free form field of the addendum record. The TXP convention has been developed with input from corporate trade associations, state representatives and federal government agency representatives. The proposed convention is a result of the joint efforts of the Federation of Tax Administrators, the Committee on State Taxation and the Bankers' EDI Council.

**Water's Edge** Effective for income years beginning on or after January 1, 1988, California enacted legislation that allows taxpayers to elect to compute their income attributable to California on the basis of a water's-edge combined report. The legislation, in general, excludes foreign incorporated affiliates from the combined report. The legislation does not supersede the concept of unity; it merely limits the unitary entities that are to be included in the combined report.

Corporations that elected to file on a water's-edge basis were required to pay a water's-edge election fee. However, for income years beginning on or after January 1, 1994, the water's-edge election fee is no longer required. Water's-edge election fee payments may be needed because of an amended fee or due to a Notice of Proposed Assessment for any one of the above income years. For more information, obtain the Form 100-WE, Water's-Edge Booklet.

STATE OF CALIFORNIA

**FRANCHISE TAX BOARD**

# Authorization Agreement for Electronic Funds Transfer (EFT) (See Reverse for Instructions)

Check appropriate box:

☐ New EFT Account ☐ Change Bank Account ☐ Change EFT Payment Method ☐ Change Contact Information

## SECTION I

| | | |
|---|---|---|
| Entity Name | | Entity Identification |
| Entity Address (number, street, box number) | | Daytime Telephone ( ) |
| Entity Address (city, state and ZIP code) | | FAX Number |
| Contact Person | E-Mail Address | Contact Daytime Telephone ( ) |
| Contact Address (number, street, box number) | | |
| Contact Address (city, state, and ZIP code) | | |

**Complete Section II or III below.**

## SECTION II

### ☐ ACH Debit

The Franchise Tax Board is hereby authorized to process debit entries to the bank account identified below upon initiation by the above-named entity. This authority is to remain in full force until EFT payments are no longer required by statute or until the Franchise Tax Board and I mutually agree to terminate my participation in the EFT program.

In addition, the individuals named below are authorized to establish a new security code if my selected code is lost or forgotten.

| | | | |
|---|---|---|---|
| Signature | Print | Title | Date |
| Signature | Print | Title | Date |

| | | |
|---|---|---|
| Bank Name and Address | | |
| Bank Account Number | Bank Transit and Routing Number | ☐ Checking ☐ Savings |
| Method(s) to be used in communicating payment information: ☐ Telephone ☐ Personal Computer | | |

**IMPORTANT: If you have selected the ACH debit option, please attach a voided check from the account to be debited. Your voided check will provide bank transit and routing numbers.**

## SECTION III

### ☐ ACH Credit

The Franchise Tax Board is hereby requested to grant authority for the above-named entity to initiate ACH credit transactions to the Franchise Tax Board's bank account. These payments must be in the NACHA CCD+ format using the Tax Payment Convention (TXP) and may only be initiated for the EFT tax payments to the Franchise Tax Board provided for by statute.

| | | | |
|---|---|---|---|
| Signature | Print | Title | Date |
| Signature | Print | Title | Date |
| Bank Name and Address | | | |
| Bank Contact Person | | Bank Contact Telephone ( ) | |

Return to: Franchise Tax Board / Attn: EFT Unit / PO Box 942857 / Sacramento Ca 94257-0501 / (916) 845-4025



**Please make a copy for your records**

## Instructions for Completing the EFT Authorization Form

### GENERAL

Please type or print clearly. Return the authorization form to the Franchise Tax Board within 15 days from the date you receive it.

By checking the appropriate box, you must use this form to:

- register for participation in the EFT program;
- change the bank account you use for EFT transactions;
- change your EFT payment method; or
- change your contact information.

### SECTION I

Complete all of the blocks in this section.

Your entity identification number is your seven digit California corporation number.

### SECTION II or SECTION III

Complete one of these sections, not both. Complete Section II if you have selected ACH Debit or Section III if you have selected ACH Credit. Check the appropriate box and complete each block of information for that method.

### IMPORTANT INFORMATION:

1. Taxpayers are subject to EFT requirements pursuant to Section 19011 of the Revenue and Taxation Code.

2. Once you are registered as an EFT taxpayer, **ALL** your corporate income and franchise tax payments to FTB must be by EFT regardless of the type of payment, the amount of payment or the income year the payment is intended for. If a taxpayer subject to EFT requirements remits payment by other means (i.e. check, cash, etc.), a penalty equal to 10% of the amount paid will be assessed.

3. When you have returned your completed authorization form you will receive additional information pertaining to the payment method you have selected.

4. A taxpayer may request a waiver of participation in the EFT program. The Franchise Tax Board may grant a waiver if it determines that the particular amounts paid in excess of the threshold amounts were not representative of the taxpayer's tax liability. An EFT Election to Discontinue or Waiver Request (FTB 3816) is included in the back of your EFT Information Guide (FTB 3817).

5. Members of a unitary group that compute tax on a combined basis must use the total tax liability and estimated tax payments made by all members of the group to determine whether the threshold amounts are met. This is true even if individual members of the unitary group file separate returns.

STATE OF CALIFORNIA

**FRANCHISE TAX BOARD**

# ELECTRONIC FUNDS TRANSFER ELECTION TO DISCONTINUE OR WAIVER REQUEST

Entities who make an estimated tax or extension payment exceeding $20,000 or whose total tax liability exceeds $80,000 for any income year beginning on or after January 1, 1995, are required to remit all your corporate and franchise tax payments to the Franchise Tax Board by Electronic Funds Transfer (EFT). Failure to comply with EFT requirements will result in the assessment of a penalty.

Section 19011 of the California Revenue and Taxation Code provides that any taxpayer who is required to remit payments to the Franchise Tax Board by EFT may request a waiver of those requirements. The Franchise Tax Board may grant a waiver if it determines that the amounts paid in excess of the threshold amounts were not representative of the taxpayer's tax liability. In addition, taxpayers not meeting either threshold amount for the prior year may use this form to elect to discontinue making payments by EFT.

**To request a waiver or to elect to discontinue making payments by EFT, complete and submit the following. You must remit all payments by EFT until you have been notified that this request has been granted.**

| | | |
|---|---|---|
| **Entity Name** | **Entity Number** | |
| **Address** | | |
| **City** | **State** | **Zip Code** |
| **NOTE: If this entity is a member of a unitary group, please attach a schedule showing the names and entity numbers of all other members that are California taxpayers.** | | |

If the entity does not meet the following conditions, it is required to file an Authorization Agreement for Electronic Funds Transfer (FTB 3815) with the Franchise Tax Board and to remit all payments by EFT.

_____ The above entity elects to discontinue making payments by EFT because it has not made an estimated tax or extension payment in excess of $20,000 during the current or previous income year; and the entity's total tax liability reported for the previous income year did not exceed $80,000.

_____ The above entity is requesting a waiver from participation in the EFT program because the amounts paid were not representative of the entity tax liability, as explained below. Please use back side if additional space is needed.

_____

_____

_____

_____

| _____ | _____ | (_____) _____ |
|---|---|---|
| Date | Signature and Title of Representative/Officer | Telephone Number |

Please return this completed form to:
Franchise Tax Board, Electronic Funds Transfer Unit, P.O. Box 942857, Sacramento, CA 94257-0501
Telephone: (916) 845-4025 FAX: (916) 845-5340

# EFT WAIVER REQUEST