

Definitions. For the purposes of this chapter, the terms and phrases used in these rules shall have the meanings prescribed in this section, unless a different meaning is clearly indicated by the context in which the term or phrase is used.

(1) "ACH" or "Automated Clearing House" means a regional facility which performs inter-member (financial institutions) clearing of paperless entries between such institutions. ACHs are generally operated by the Federal Reserve, but can be operated privately, and use rules, procedures, and programs developed on a local basis by their participating financial institutions under the general direction of the National Automated Clearing House Association (NACHA.) ACHs are distribution and settlement points for the electronic clearing of debits and credits between financial institutions, rather than the physical movement of paper items, .

(2) "ACH Credit" means the electronic funds transfer payment method where transactions are initiated and generated by the taxpayer, cleared through the ACH system for deposit to the State Treasury.

(3) "ACH Debit" means the electronic funds transfer payment method where transactions are generated by the Department upon the taxpayer's instruction and cleared through the ACH system for deposit to the State Treasury.

(4) "ACH Trace Number" means the unique number assigned to an electronic payment transaction by the financial institution originating the transaction.

(5) "Addenda record" means that information required by the Department in an ACH Credit transaction or Fedwire transfer which identifies the taxpayer, the tax type, the period covered, and the payment amount. See the definition for TXP Banking Convention.

(6) "Calendar year" means a twelve month period starting with the first day of January and ending with the last day of December.

(7) "Call-in day" means the day on which a taxpayer communicates payment information to the Data Collection Center.

(8) "Call-in period" means the specified time interval in each call-in day during which EFT payment information received by the Data Collection Center is processed for transactions occurring on the next business day. Payment information must be communicated to the Data Collection Center prior to 3:45 p.m. (Central Standard Time) on the call-in day to clear the ACH for deposit in the State Treasury on the next business day.

(9) "Collected funds" means those amounts deposited in the bank which have been presented for payment and for which payment has actually been received, those funds which have completed the electronic funds transfer process and are available for immediate use by the State Treasurer. See Immediately Available Funds.

(10) "Commissioner" means the Commissioner of the Alabama Department of Revenue.

(11) "Confidential taxpayer identification number" means a confidential code assigned to each taxpayer which uniquely identifies the taxpayer and allows the taxpayer to communicate payment information to the Data Collection Center. The taxpayer will be given a separate confidential taxpayer identification number for each tax type.

(12) "Data Collection Center" means the third party vendor, who, under contract with the Department, collects and processes EFT payment information received from taxpayers.

(13) "Department" means the Alabama Department of Revenue.

(14) "Due date" means the date on which a payment is required to be made by a taxpayer under a revenue law of the State of Alabama.

(15) "Effective date of implementation" means the date which the taxpayer is approved by the Department to pay a tax type using EFT.

(16) "Electronic Funds Transfer" or "EFT" means any transfer of funds, using the methods specified in these rules, which are initiated through an electronic terminal, telephone instrument, computer or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. EFT does not include transactions originated by checks, drafts, or similar paper instruments.

(17) "EFT Unit" means the organizational unit within the Department which is primarily responsible for coordinating with the taxpayer concerning the payment of taxes using EFT.

(18) "Fedwire" - See definition for wire transfer.

(19) "Immediately available funds" means those amounts deposited in the bank which have been presented for payment and for which payment has actually been received, those funds which have completed the electronic funds transfer process and are available for immediate use by the State Treasurer. See Collected Funds.

(20) "NACHA" means the National Automated Clearing House Association, the regulatory body for the ACH Network.

(21) "Payment" means the total amount paid in a transaction, or transactions, for the tax, penalty, and interest liability for one tax type for a single required reporting period.

(22) "Payment information" means the data which the Department requires of a taxpayer making an EFT payment and which must be communicated to the Data Collection Center, or be provided in the TXP Banking Convention addenda record of an ACH Credit transaction. See definition of TXP Banking Convention.

(23) "Return" means the form designated by the Department as the required official form for reporting tax and other information.

(24) "State's Bank or Financial Institution" means a financial institution which will serve as a receiving depository for electronic payments.

(25) "TXP Banking Convention" means the format to be used in the free form field of the National Automated Clearing House Association (NACHA) CCD+ entry addenda record. The TXP convention provides a method of paying taxes electronically when the taxpayer chooses to initiate an ACH Credit transaction, and the format is required by the Department when a taxpayer elects to pay its taxes using the ACH Credit payment option.

(26) "Taxpayer" means any person required to remit an amount to the Department whether it is for a tax, fee, license, or any other obligation. For the purpose of these rules, "person" includes any individual, firm, partnership, general partnership, limited partnership, joint venture, association, corporation, estate, trust, business trust, receiver, syndicate, or other group or combination acting as a unit, and includes the plural as well as the singular number.

(27) "Tax type" means a tax, fee, license or other obligation which is subject to the EFT payment requirements, each of which shall be considered a separate category of payment. The tax types for which taxpayers may be subject to the EFT payment requirements of Act 91-570 are identified in Rule 810-13-1-04.

(28) "Threshold amount" means the amount of which a payment made by a taxpayer for a tax type must equal or exceed for the taxpayer to be required to use EFT when making payments for the tax type. The threshold amount for the calendar year 1992 is \$100,000; the threshold amount for the calendar year 1993 is \$50,000; the threshold amount for the calendar year 1994 and all years thereafter is \$25,000.

(29) "Treasury" or "State Treasury" means the Treasury of the State of Alabama.

(30) "Verification code" means the code provided to the Data Collection Center by the taxpayer in initiating an ACH Debit transaction. Use of the verification code is a method of ensuring that the communication of payment information was complete and

correct. The verification code uniquely identifies the completed communication of payment information, and can be used in subsequent research of a transaction.

(31) "Wire transfer" or "Fedwire" means an instantaneous electronic transfer of funds generated by the taxpayer through a correspondent bank or the Federal Reserve System to the State Treasury. Fedwire transfers are not a payment option. Fedwire transfers are used by taxpayers only in the case of an emergency and only with prior authorization from the Department.

Author: Ed Cutter  
Authority: Act No. 91-570  
History: Filed with LRS September 19, 1991, Effective January 10, 1992.