

Alabama Department of Revenue

International ACH Transactions

To: All Taxpayers Making Business Tax Payments Electronically Through the Alabama Paperless Filing and Payment System

Pursuant to a new National Automated Clearing House Association (NACHA) rule, the Paperless Filing/Payment System has been updated in regards to EFT payments. Based on the rule, any ACH Debit or ACH Credit payment funded by a financial institution or agency outside of the territorial jurisdiction of the United States must be treated as an International ACH Transaction (IAT). Beginning October 1, 2009, all taxpayers who are required or select to pay via EFT will be required to state whether the payment transaction being submitted is an IAT. Any taxpayer who states that the payment transaction being submitted is an IAT will be required to make the payment via ACH Credit, as the system is not processing any IATs at this time.

Upon selection by a taxpayer to pay via EFT for a return submission and for the Payment Only option, the taxpayer will be asked the payment status of the transaction via the following question: **Will this payment be funded by money received from a financial institution located outside of the territorial jurisdiction of the United States?**

If Taxpayer Selects No

The taxpayer will continue as usual.

If Taxpayer Selects Yes

For a Return Filing with Payment: The taxpayer will be sent directly to the confirmation page displaying return data only and be instructed to make the associated payment via ACH Credit. If after receiving a filing confirmation the taxpayer realizes they selected yes in error, then the taxpayer may return to the Main Menu and submit the associated payment via the Payment Only option.

For a Payment Only: The taxpayer will be instructed to make the payment transaction via ACH Credit. The taxpayer will not receive a confirmation. If the taxpayer selects yes in error, then the taxpayer may return to the Main Menu and select the Payment Only option again.

Please Note: For return submissions, the IAT programming is currently in place for the Key & Send option only. The programming of the Integrated Voice Recognition (IVR/telephone) and Bulk submission options will be put in place at a later date. For these type filers, another notification regarding the update will be sent at that time.

EFT ACH CREDIT PAYMENT METHOD

ACH Credit Payment Method requires pre-registration and Department approval. Although the returns must be filed electronically through the Alabama Paperless Filing and Payment System, tax payments made through this EFT method must be initiated through the taxpayer's financial institution separate from the filing of the return. To be considered timely paid, you must initiate your ACH Credit method tax payments with your financial institution so that the payments are immediately available to the State on or before the first banking day following the due date of payment. To request Department approval to pay using the ACH Credit Payment Method, please contact our EFT Unit by dialing 1-800-322-4106, then press 7.

Additional links you may find helpful in determining if the payment is an IAT:

[IAT FAQ](#)
[NACHA](#)