

810-13-1-.10 PROCEDURES FOR ACH DEBIT PAYMENT METHOD.

(1) Introduction. Certain taxpayers are required to pay their taxes with an electronic funds transfer (EFT) pursuant to Section 41-1-20, Code of Alabama 1975. Taxpayers required to make tax payments to the Department via EFT shall use the Automated Clearing House (ACH) Debit payment method, unless otherwise approved by the Department to use the ACH Credit payment method. The ACH Debit payment method is the preferred EFT payment method by the Department. The Department bears the costs of processing ACH Debit method payments. Taxpayers who are not required to pay by EFT may voluntarily choose to pay by EFT.

(2) Definitions. For purposes of this rule, the following terms will apply:

(a) EFT or Electronic Funds Transfer means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, or computer so as to order, instruct, or authorize a financial institution to debit or credit an account.

(b) ACH or Automated Clearing House means a nationwide system run by the Federal Reserve and designed to transfer funds electronically between financial institutions using industry accepted standards. These standards ensure network security and increased efficiency of the transactions.

(c) ACH Debit payment method means the electronic transfer of funds cleared through the ACH system that is generated by the taxpayer instructing the Department, using either the Department's telephonic or Internet e-pay systems, to charge the taxpayer's bank account and deposit the funds to the Department's bank account.

(d) ACH Credit payment method means the electronic transfer of funds cleared through the ACH system that is generated by the taxpayer instructing the taxpayer's bank to charge the taxpayer's bank account and deposit the funds to the Department's bank account. See Rule 810-13-1-.11 entitled Procedures for ACH Credit Payment Method.

(e) Paperless Filing and Payment System (system) means the Department's Internet and toll-free Telephone system developed for the purpose of allowing taxpayers to electronically file and pay the predefined taxes available in the system to the Department using the ACH debit payment method. For those state and local business taxes that can be filed through the system, the payment is made as part of the filing process. For all other taxes that cannot be filed through the system, a 'Payment Only' option is available to give taxpayers the ability to make an EFT debit method payment. The predefined taxes are provided in the Department's EFT Program Guide Booklet of ACH Debit Payment Method Procedures & Guidelines.

(f) Sign On ID and Access Code means the log in codes assigned by the Department to a business taxpayer for the purpose of accessing the Paperless Filing and Payment System. The Department provides this information in a letter that is mailed to the taxpayer. This information is confidential and taxpayers are instructed to not improperly disclose these codes. Taxpayers making payments for state individual income taxes do not need a Sign On ID and Access Code to access the Paperless Filing and Payment System to make a payment.

(3) Procedures for making ACH Debit Method Payments. No pre-registration is required with the Department's EFT Unit by a business or individual taxpayer to make EFT Debit method payments using the Department's Paperless Filing and Payment System. Business taxpayers that have a tax account number(s) assigned by the Department; business taxpayers that have filed a return(s) with the Department for which a tax account number is not required; and individuals that file State Income Tax returns with the Department, have the ability to make an EFT Debit method payment to the Department for any of the predefined tax types available in the system. Taxpayers shall provide the system with the appropriate information needed to complete the payment transaction. A confirmation number is provided by the system at the conclusion of a successful payment transaction. The receipt of the confirmation number will fulfill the taxpayer's obligation for initiating an ACH Debit transaction. It is the responsibility of the taxpayer to provide the system with appropriate changes to their banking information to ensure proper and timely payment is made to the Department. Taxpayers can make EFT payments for returns, and for unpaid invoices and assessments. The Billing ID is required when the payment is for an unpaid invoice or assessment. The Billing ID is found on the billing document provided by the Department to the taxpayer. Note: Unpaid final assessments that have been transferred to the Collection Services Division (CSD) must not be paid via EFT. Contact the CSD for payment options.

(5) Due date of EFT payment. The EFT payment is due on or before the banking day following the tax return due date, pursuant to Section 41-1-20. The taxpayer must submit the payment transaction and receive a confirmation number from the system no later than 4:00 p.m. Central Standard Time (CST) on or before the due date of the tax in order for the Department's bank to receive collectible U.S. funds by the EFT payment due date.

(6) Penalties. Pursuant to Section 41-1-21, failure to make payment in a timely manner in accordance with the provisions provided in this rule, shall subject the affected taxpayer to penalty, interest, and loss of applicable discount. The Department may assess a Failure to Timely Pay penalty for late payments pursuant to Section 40-2A-11. If the taxpayer has timely initiated the ACH debit transaction pursuant to the provisions of this rule, received a confirmation number, and shows adequate funds were available in the bank account, late payment penalties will not apply.

(7) Proof of Payment. An ACH Debit transaction may be proven by use of the confirmation number received from the Paperless Filing and Payment System when the transaction was initiated, along with bank statements or other evidence from the bank that the transaction was settled. It is the taxpayer's responsibility to work with their financial institution to obtain verification that funds were transferred from the taxpayer's bank account into the Department's bank account. A bank can supply a taxpayer with a trace number that it generates for the ACH network.

(8) Filing returns. The required returns must still be filed with the Department, either electronically, or on paper when allowed. If a paper return is filed, any EFT payment indicators on the return must be completed. If an EFT indicator is not available, the taxpayer must boldly and legibly print on the face of the return that the payment was made via EFT. Paper returns for which payment was made using EFT must be mailed to the following address:

Alabama Department of Revenue
EFT Unit
PO Box 327950
Montgomery, AL 36132-7950.

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Authority: Act No.91-570, Act No. 2006-552, 40-2A-7(a)(5), 40-2A-11, 41-1-20, 41-1-21, and 41-1-23, Code of Alabama 1975.
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