



Program Overview

PromptTax Payment Program for Withholding Tax

Description of the program

This overview explains the participation and filing requirements of the PromptTax payment program for withholding tax, and describes payment options. Chapter 61 of the Laws of 1989 mandates the implementation of an Electronic Funds Transfer (EFT) Program for the collection of withholding taxes.

Required participation

Withholding tax filers **must** enroll in the program if:

- the aggregate tax withheld through Form NYS-45, *Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance Return*, filed for the previous tax year is **\$100,000 or more**.

PromptTax benefits

Taxpayers participating in PromptTax will benefit from the following:

- Your electronic payment transaction replaces your need to file Form NYS-1, *Return of Tax Withheld* (your payment serves as your NYS-1 filing). **Note:** You are still required to file Form NYS-45 quarterly.
- The ability to view and update your account information online
- The ability to schedule (warehouse) Automated Clearing House (ACH) debit payments in advance

Enrollment

If you receive Form TR-370.1, *Notification of Required Participation*, you must enroll online within 20 days of the postmark date. If you use a payroll service, you may list them as a secondary contact; however, if you wish to allow the Tax Department to discuss your confidential account information with them, they will need proper authorization. In most instances, you may provide the necessary authorization using Form TR-2000, *E-ZRep Tax Information Access and Transaction Authorization*. For more complex matters, you may require Form POA-1, *Power of Attorney*. See our website for more information.

Once enrolled, you will receive:

- confirmation of enrollment, including details of your payment option and start date, and a
- six-digit access code

Verify that the information is correct. Pay particular attention to the account and routing transit numbers if you select ACH debit as your payment option. If you have questions, contact the PromptTax Customer Service Center.

Payment options

You are responsible for initiating the process for any payment option you choose. Detailed instructions for completing any of the payment options are on our website. Check with your bank for the reporting deadline that would ensure that the Tax Department receives payment on or before the tax due date for the type of payment you choose.

You may select from the following payment options to meet your PromptTax obligations:

ACH debit – This payment option is available to **mandated** PromptTax filers **only**. This is the option most commonly selected by taxpayers, as it allows the greatest advantages and flexibility.

With this option, you register your bank account information with us. Then, based upon your business payroll dates, you report your tax liability and payment information using our *Online Services* application. *Online Services* has benefits not offered with other payment options. For example:

- You can view your payment history and schedule (warehouse) transactions at your convenience.
- The Tax Department completes the ACH debit transactions if your payments are initiated on time.
- Your account information is confidential and protected by law.

ACH credit – You initiate an ACH credit to New York State's withholding tax bank account and a debit to your own bank account, for the amount of the withholding tax payment. You must include the required filing and payment information using the National Automated Clearing House (NACHA) Cash Concentration and Disbursement Plus One addenda record (CCD+).

Fedwire – You initiate a Federal Reserve Banking System credit to the Tax Department's withholding tax bank account through your own bank and a debit to your bank account for the amount of the withholding tax payment. You must include the required filing information for the payroll(s) you are reporting by using the *Third Party Information Area-Originator to Beneficiary Information (OBI)* field.

Certified check – This payment option is available to **mandated** PromptTax filers **only**. If you choose this option you will continue to file paper Form NYS-1 and make payments by certified check. No electronic filing is required if you select this option. To be considered on time, the payment must be postmarked by the U.S. Postal Service at least two business days prior to the applicable tax due date. You are responsible for ensuring that the payment is postmarked on time.

PromptTax filing and payment due dates

The tax due date is three business days following the payroll date you are reporting. In order to be on time, you must initiate your transaction by:

- ACH debit** – No later than two business days following the payroll date you are reporting (by 5:59 P.M., Eastern Time)
- ACH credit** – No later than two business days following the payroll date you are reporting
- Fedwire** – No later than three business days after the payroll date you are reporting
- Certified check** – Postmarked no later than one business day following the payroll date you are reporting (or two business days prior to the applicable due date)

Higher education and health care providers (go to our website for more information) – The tax due date is eight business days following the payroll date you are reporting. Check with your bank for the reporting deadline that would ensure that the Tax Department receives the payment on or before the tax due date. In order to be on time, you must initiate your transaction by:

- ACH debit** – No later than seven business days following the payroll date you are reporting (by 5:59 P.M., eastern time)
- ACH credit** – No later than seven business days following the payroll date you are reporting

- **Fedwire** – No later than eight business days following the payroll date you are reporting
- **Certified check** – Must be postmarked no later than six business days following the payroll date you are reporting (or two business days prior to the applicable due date)

Holidays

New York State Tax Law permits you to file on the next business day when the actual due date falls on a Saturday, Sunday, or legal holiday.

Exemption from mandatory participation

If you believe that you should be exempt from the program, you must complete and submit Form TR-371, *PromptTax Withholding Tax Statement of Exemption from Mandatory Participation*, and attach supporting documentation including copies of Form NYS-45, as filed for all four quarters of the previous year to document withholding of less than \$100,000. Mail this information within 20 days of the postmark date of the *Notification of Required Participation*, to:

**NYS TAX DEPARTMENT
PROMPTAX WITHHOLDING TAX
W A HARRIMAN CAMPUS
ALBANY NY 12227-0865**

You will receive the Tax Department's determination within 14 days following receipt of your Form TR-371. You may also request a conference with the Bureau of Conciliation and Mediation Services by completing Form CMS-1, *Request for Conciliation Conference*, and mailing it to the following address:

**NYS TAX DEPARTMENT
BCMS
W A HARRIMAN CAMPUS
ALBANY NY 12227-0918**

See Publication 55, *Designated Private Delivery Services*, if not using U.S. Mail.

You may also file challenges to your selection for mandatory participation directly with the Division of Tax Appeals. Access the Division of Tax Appeals' website at www.dta.ny.gov, to obtain copies of Form TA-10, *Petition*.

If the Tax Department determines you are not eligible for exemption on the basis of your previous year's tax liability, or if your challenge to the selection for mandatory participation is not sustained, you **must** enroll within 10 days of the notification.

Health care providers as described in Public Health Law Article 28 or Article 36, or in the Mental Hygiene Law Article 16 or Article 31, are exempt from participation in the program. To request exemption from the program, complete Form TR-371, and submit with a copy of your operating certificate to document health care exempt status. Form TR-371 is available on our website.

Penalty for failure to enroll

If you are a mandatory participant and:

- you fail to enroll within 20 days of the postmark date of your *Notification of Required Participation*, or
- you challenge your selection for mandatory participation, it is not sustained, and you fail to enroll within 10 days of notification,

we will assess a \$5,000 penalty against you, plus \$500 for each additional month or part of a month that you fail to enroll.

Questions?

- Visit our website
 - Call the PromptTax Customer Service Center at (518) 457-2332
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