

Oregon Department of Revenue

*Estimated Corporation Excise
and Income Tax*

***ACH Credit
Electronic Funds Transfer***

***Program
Guide***

Application form and instructions

Introduction

The Oregon Department of Revenue has developed a program to accept state estimated corporation excise and income tax payments through Electronic Funds Transfer (EFT). These payments are processed through the Automated Clearing House (ACH) network. EFT greatly reduces the cost and time to generate and handle paper checks and allows for quicker and more accurate posting of tax payments.

Private industry and the federal government have been using EFT technology for many years. For example, the direct deposit of employees' wages, Social Security payments, and federal income tax refunds are commonly made through EFT. Many corporations also use EFT to pay their suppliers for goods and services.

For the Oregon EFT program, we are offering two payment options: ACH debit and ACH credit. These options use the ACH network. The ACH network is a nationwide system designed to electronically transfer funds between financial institutions using industry accepted standards. These standards were designed to ensure network security and increase the efficiency of EFT transactions.

Advantages of making payments through the EFT program are:

- The cost and time to generate and sign checks is greatly reduced or eliminated.
- You know exactly when your account will be debited.
- You can use the EFT program without significant investments, such as computers or remittance processing equipment.

We realize that you may have many questions about the EFT program and your obligation to make estimated corporation excise or income tax payments electronically. The information in this program guide is intended to provide you with specific information and answers to the most commonly asked questions about making estimated corporation tax payments using the ACH credit method.

Note: If, after reading through this program guide, you have additional questions or believe ACH credit will not work for your business, please visit www.oregon.gov/DOR/ESERV/eft.shtml and consider our convenient ACH debit method using Oregon's WebPay or TelePay systems. If you still have questions or do not have internet access, call our EFT Help/Message Line, 503-947-2017 or write us at EFT Coordinator, Oregon Department of Revenue, PO Box 14725, Salem OR 97309-5018.

Program participation

Am I required to participate in this program? You must pay your Oregon estimated corporation taxes electronically if you are federally mandated to pay your federal taxes electronically using the Electronic Federal Tax Payment System (EFTPS). You must complete either the ACH Credit Agreement and Application included in this program guide or the ACH Debit Authorization Agreement and Application form.

A special note to Oregon combined payroll taxpayers. Combined Payroll taxpayers are also required to make their tax payments by EFT when they are federally mandated through EFTPS. Do not use the enclosed application form. You can get our Combined Payroll Tax and Assessment Electronic Funds Transfer Program Guide with an application form from www.oregon.gov/DOR/ESERV/eft.shtml or by calling our EFT Help/Message Line, 503-947-2017.

Can I participate in the program even if I'm not required to do so? Yes. If you don't meet the requirement, but you want to make your estimated corporation tax payments by EFT, you may do so. You must complete either the ACH Credit Agreement and Application form included in this program guide or the ACH Debit Authorization Agreement and Application form. Once registered as a voluntary participant, you will be subject to the same rules established for mandatory participants.

I received a Mandated EFT Notification. What do I need to do? If we have notified you that you may be required to use EFT, you must either return your completed authorization agreement or submit an EFT waiver request within 60 days from receipt. If a tax service makes your estimated corporation tax payments, you must notify them of your requirement. Failure to do so may result in penalties and interest.

Can I withdraw from the EFT program? The department may grant you a waiver from participation in the EFT program if:

1. You receive notification that you meet the mandatory requirement to pay your estimated corporation taxes by EFT, but you disagree with the determination; or
2. You receive notification that you meet the mandatory requirement to pay your estimated corporation taxes by EFT, but you would be disadvantaged by the requirement; or
3. You are a voluntary participant in the EFT program, and you find EFT does not meet your needs.

Your request for a waiver must be in writing and received by the department at least 30 days prior to your next payment due date. Please write "EFT Waiver" at the top of your request and include the reasons for your request. Send your waiver request to: EFT Coordinator, Oregon Department of Revenue, PO Box 14725, Salem OR 97309-5018 or fax it to 503-947-2016. We will notify you within 30 days from receiving your request whether or not your waiver from EFT participation has been granted.

What if I use a certified public accountant (CPA), bookkeeper, or other service provider for my corporate taxes? You may still enroll in our EFT program but must complete a *Power of Attorney and Declaration of Representative* form. You can download this form from www.gov.oregon.gov/DOR/PERTAX/formspit.shtml.

Registration

How do I register for the EFT program? To register for the ACH credit method, you must first have an Oregon Business Identification Number (BIN) that is open and active for estimated corporation taxes. Then you need to complete the ACH Credit Agreement and Application form included in this guide. Return your completed form to: EFT Coordinator, Oregon Department of Revenue, PO Box 14725, Salem OR 97309-5018 or fax it to 503-947-2016.

Note: Your Oregon BIN is not the same as your registry number issued by the Oregon Secretary of State's Corporation Division. If you do not know your Oregon BIN, please call our EFT Help/Message Line, 503-947-2017.

Be sure to include your Oregon BIN on any correspondence with the department regarding EFT payments. It is also important that you include your Oregon BIN on your corporation excise or income tax return, when you file, and on all correspondence regarding your return or payments.

Changes

What do I do if I change financial institutions or need to change the payment method I originally selected? Obtain a new Agreement and Application form and advise us of your change. All information requested on the form must be provided for any change you are making.

What do I do if some or all of my business information changes? You must notify the department by completing a new Agreement and Application. A

new agreement must be filed if any of the following are changed: your Oregon Business Identification Number (BIN), Federal Employer Identification Number (FEIN), business name, business address, EFT contact person, telephone number, fax number, or e-mail address.

Payment options

What are the two payment options? The two payment options are ACH debit and ACH credit. Each method has its own program guide. This is the ACH credit program guide. If you need the ACH debit program guide, you can get it from www.oregon.gov/DOR/ESERV/eft.shtml or by calling our EFT Help/Message Line, 503-947-2017.

- **ACH Debit** (Automated Clearing House Debit)

There is no cost to you. No software. No hardware. No transmission charges. You initiate the transmission of your tax payment through either a secure internet application or a touchtone telephone.

Under this option, you authorize the State of Oregon to electronically transfer tax payments from your financial institution into the state's financial institution. You make the payment by signing into a secure internet application or by calling a toll-free telephone number sponsored by the Oregon Department of Revenue. If you would like to use Oregon's convenient ACH debit method, please download the ACH debit EFT program guide from www.oregon.gov/DOR/ESERV/eft.shtml or by calling our EFT Help/Message Line, 503-947-2017.

- **ACH Credit** (Automated Clearing House Credit)

There may be a cost to you. You must contact your financial institution prior to choosing this method.

The ACH Credit method allows you to transfer funds by instructing your financial institution to debit your account and to credit the state's financial institution. Financial institutions use a variety of different methods to initiate ACH credit transactions, including but not limited to internet applications, touchtone telephone systems, software packages, in person, and by fax just to mention a few. Not all financial institutions offer ACH origination service and if they do they may charge various fees for originating ACH transactions. You would be responsible for these charges. For a no cost solution to EFT, please refer to the ACH debit method mentioned earlier in this program guide. We recommend you

contact your financial institution to determine what ACH origination services they offer as well as the cost before selecting the ACH credit method.

Note: Oregon does not accept same day FedWire transactions.

In order to report your tax payment correctly while using the ACH credit method, your financial institution must originate your payment using the “Cash Concentration or Disbursement plus Tax Payment Addendum” (CCD+TXP) format. This format is a standard format that has been adopted for tax payments by the National Automated Clearing House Association (NACHA). Check with your financial institution to make sure they can transfer your tax payment using this format.

Before your financial institution can make your payment, you must provide them with the information required to complete the ACH CCD+TXP records (i.e., CCD+ Entry Detail Record Format and CCD+ Addenda Record Format along with all the information that goes in these records). The record formats for both the CCD+ entry detail and CCD+ addenda records are included in this program guide. In order to receive the state’s routing and account numbers you must submit your ACH Credit Agreement and Application and have it approved by the Department of Revenue. We will mail you a confirmation letter with our routing number and designated account number.

The ACH credit program guide and your confirmation letter should be taken to your financial institution before submitting your first payment.

EFT does not change any existing requirements of Oregon state tax law including provisions for underpayment of estimated tax. Due dates for paying Oregon estimated corporation excise and income tax are the same as due dates for depositing federal tax. To be considered timely, your tax payment must be received by the state’s financial institution by the payment due date. You must check with your financial institution to determine when you should originate your payment so it will be received on time. The Federal Reserve, which regulates the ACH network, does not allow the warehousing of payments for more than two days.

We strongly recommend that your financial institution process a quality assurance test to validate the state’s routing number and account number. The quality assurance test is a zero-dollar transaction

(referred to as a pre-note), processed at least 10 days before the initiation of your first EFT payment. For questions about sending a zero-dollar test transaction, call our EFT Help/Message Line, 503-947-2017.

Note: If you do not owe estimated corporation tax on a payment date, you don’t need to send a transaction through the ACH network. ACH is only for tax amounts due.

Penalty and interest

What happens if I don’t make my EFT payments by the due date? The use of EFT doesn’t affect the penalties and interest applicable to late payments. If you do not make an EFT payment, or make it late, the same penalties will apply as if you were paying by check.

EFT Help/Message Line

What services does the EFT Help/Message Line provide? The EFT Help/Message Line, 503-947-2017, provides complete customer service for using Oregon’s EFT program.

The EFT Help/Message Line will:

- Provide you with instructions on how to enroll in the EFT program.
- Answer your questions about using EFT to pay your Oregon estimated corporation excise and income taxes.
- Direct you to EFT information on our website, www.oregon.gov/DOR/ESERV/eft.shtml.

Standard procedures

Once you are registered to participate in our EFT program, all your payments must be made through EFT. In an emergency, a payment coupon may be used; however your payment must still be received timely.

Payment due date. Your payment due date will remain the same. To be considered timely, your EFT payment must be received by the state’s financial institution on or before each payment due date. Contact your financial institution to determine when to initiate your payment to ensure your payments are timely.

Corporate excise tax or corporate income tax? Most corporations are subject to corporate excise tax. You are subject to corporate excise taxes if you are doing business in Oregon. In other words, if you have an employee, a building, a warehouse, or a physical presence in Oregon, then you are subject to corporate excise taxes.

You are subject to corporate income taxes if you derive income from an Oregon source but you are not doing business nor have a physical presence in Oregon. If you still have questions about which tax you are subject to, look at our corporate tax booklets at www.oregon.gov/DOR/BUS/forms-corporation.shtml or call our EFT Help/Message Line, 503-947-2017.

Corrections. If you feel an EFT payment was made in error, contact your financial institution for their correction procedures. You must also contact our EFT Technician, 503-947-2037. Do not attempt to reverse your transaction.

Incorrect record formats. If you are subject to EFT requirements and remit a payment with an incorrect format, we may return your payment. A returned payment may result in it being late and thus subject to interest on underpayment of estimated tax.

Verification of timely payment. Your financial institution should provide you with verification of transferred amounts and effective dates.

Proof of payment. If you require proof of payment, it is your responsibility to work with your financial institution to obtain verification that your funds were transferred from your account into the state's account. Your financial institution can supply you with a trace number that is generated for the ACH network.

Refunds and reversals. Current Department of Revenue procedures will be followed for refunds and

reversals. Refunds will not be issued electronically through the ACH network. No reversals will be allowed except in cases permitted by ACH rules and regulations. In such cases, you are required to contact our EFT Help/Message Line for permission.

Filing your estimated corporation excise or income payments and tax returns

Payment coupon. Do not submit a payment coupon (Form 20ES) when using EFT. EFT is a substitute for the 20ES coupon.

Annual tax returns. Annual tax returns must still be submitted by the specified due date. If an additional payment is due with the corporation excise or income tax return, the payment should not be made using EFT.

ACH credit detail and addenda record formats

The following information describes the data contained in the Entry Detail and TXP Addendum Records. For complete information on NACHA formats, specifications, and definitions, refer to the ACH Rule Book. You may obtain a copy of the rule book from your financial institution or from Western Payments Alliance, 100 Bush Street, Suite 400, San Francisco CA 94104; telephone number: 415-433-1230; e-mail: info@wespay.org; website: www.wespay.org. There may be a charge for this book.

CCD+ Entry Detail Record Format

| Field | Position | Size | Contents | Data Element Name |
|-------|----------|------|-----------------|---|
| 1 | 1-1 | 1 | 6 | Record Type Code. Insert the number 6. |
| 2 | 2-3 | 2 | 22 or 24 | Transaction Code. Enter the number 22 (24 for a pre-note.) |
| 3 | 4-11 | 8 | Numeric | State's Routing Number. |
| 4 | 12-12 | 1 | Numeric | State's Routing Number Check Digit. |
| 5 | 13-29 | 17 | Alphanumeric | State's Account Number (with trailing blanks). |
| 6 | 30-39 | 10 | \$\$\$\$\$\$\$¢ | Total Payment Amount. No decimal. Insert leading zeros. |
| 7 | 40-54 | 15 | Numeric | Oregon Business ID Number (BIN). No dash. Insert leading zeros. |
| 8 | 55-76 | 22 | Alphanumeric | Receiving Company Name (your business name). |
| 9 | 77-78 | 2 | Not used | Discretionary Data. |
| 10 | 79-79 | 1 | 1 | Addenda Record Indicator. Insert the number one. |
| 11 | 80-94 | 15 | Numeric | ACH Trace Number. |

Field 1—Record Type Code. This field will always be a 6 for the Entry Detail Record.

Field 2—Transaction Code. This field indicates the transaction is a credit and the payment is going to a checking account. (This code is "24" when you send a pre-note.)

Field 3/4—Receiving Routing Number and Check Digit. This nine-digit number identifies the state's financial institution. The first eight digits go in Field 3. The ninth digit goes in Field 4 (Routing Number Check Digit). The Department of Revenue will give you the receiving routing number in the confirmation letter after receiving and approving your ACH Credit Agreement and Application.

Field 5—Receiving Account Number. This field identifies the account at the state's financial institution where the EFT payments will be sent. This number will be given to you by the Department of Revenue in the confirmation letter.

Field 6—Amount. This field is the amount to be posted to the recipient's account. It must be right

justified and zero filled. **Do not insert** a decimal point. The last two characters are cents.

Field 7—Oregon Business Identification Number (BIN). A numeric field that uniquely identifies the taxpayer sending the payment. This field is your (up to nine-digit) Oregon Business Identification Number (BIN). Its use is essential for your payment to be properly posted. The BIN must be right justified and zero filled.

Field 8—Receiving Company Name. The Department of Revenue recommends that you enter your corporation's name in this field, for research purposes.

Field 9—Discretionary Data. This two-character field is not used by the department.

Field 10—Addenda Record Indicator. Always insert the number 1, as there will be an addendum record with this transaction.

Field 11—Trace Number. A number added to the record by the originating/sending financial institution to trace the transaction through the system. This number is especially important in case of an error.

CCD+ Addenda Record Format

Use this addenda format for payment of Estimated Corporation Excise and Income taxes.

| Field | Position | Size | Contents | Data Element Name |
|-------|------------------------|-------------|---|---|
| 1 | 1-1 | 1 | 7 | Record Type Code. Insert the number 7. |
| 2 | 2-3 | 2 | 05 | Addenda Type Code. Insert the characters 0 and 5. |
| 3 | 4-6 | 3 | TXP | Tax Payment ID. Insert "TXP." |
| | 7-7 | 1 | * | Field Separator. Insert an asterisk. |
| 4 | Variable Length Fields | 9 | Numeric | Oregon Business Identification Number (BIN). No dash. (TXP01) |
| | | 1 | * | Field Separator. Insert an asterisk. |
| 5 | | 5 | 20001 or 20201 | Tax Payment Type Code. (TXP02) |
| | | 1 | * | Field Separator. Insert an asterisk. |
| 6 | | 6 | YYMMDD | Year End Date. Enter year ending date for this deposit. (TXP03) |
| | | 1 | * | Field Separator. Insert an asterisk. |
| 7 | | 1 | 1, 2, 3, or 4 | Amount Type Code. Enter the quarter. (TXP04) |
| | | 1 | * | Field Separator. Insert an asterisk. |
| 8 | | 1-10 | \$\$\$\$\$\$\$¢¢ | Tax Amount. (TXP05) |
| | | - | * | Field Separator. Not needed. |
| 9 | | - | Not used | Amount Type Code. (TXP06) |
| | | - | * | Field Separator. Not needed. |
| 10 | | - | Not used | Tax Amount. (TXP07) |
| | | - | * | Field Separator. Not needed. |
| 11 | | - | Not used | Amount Type Code. (TXP08) |
| | - | * | Field Separator. Not needed. | |
| 12 | - | Not used | Tax Amount. (TXP09) | |
| | - | * | Field Separator. Not needed. | |
| 13 | - | Not used | Taxpayer Verification. (TXP10) | |
| 14 | 1 | \ | Terminator. Insert a backslash (\). | |
| 15 | | bbbb...bbbb | Blank Fill. Enter blank spaces through position 83. | |
| 16 | 84-87 | 4 | 0001 | Special Addenda Sequence Number. Enter 0001. |
| 17 | 88-94 | 7 | Numeric | Entry Detail Sequence Number. Insert leading zeros. |

Field 1—Record Type Code. This field will be a 7 for the CCD+ Addenda Record.

Field 2—Addenda Type Code. This field will be a 05 for the CCD+ Addenda Record.

Field 3—Tax Payment ID. This field will be TXP.

Field 4—Business Identification Number (BIN) (TXP01). This number is your Oregon Business Identification Number (BIN). Its use is essential for your payment to be properly posted. Don't put the dash just before the last character in the field. For example, BIN 104532-6 would be entered as 1045326.

Field 5—Tax Payment Type Code (TXP02). This field must contain the code for your tax payment. Enter 20001 for corporate excise tax or 20201 for corporate income tax.

Note: Most corporations are subject to corporate excise tax. You are subject to corporate excise taxes if you are doing business in Oregon. See page 3 under Standard Procedures for more detail.

Field 6—Year End Date (TXP03). This field must contain the fiscal or calendar year end date, using the format YYMMDD. Example: A payment with a year ending date of March 31, 2003 will be entered as: 030331.

Field 7—Amount Type Code (TXP04). This field must contain the quarter (1, 2, 3, or 4) to which you want your estimated corporation tax payment applied.

Field 8—Tax Amount (TXP05). The amount to be posted to your Estimated Corporation tax account. Do not insert a decimal point. The last two characters are cents.

Fields 9–13 (TXP06, TXP07, TXP08, TXP09, and TXP10). The Department of Revenue does not use these addenda record fields for estimated corporation tax payments.

Field 14—Terminator. A backslash (\) must be entered.

Field 15—Blank Fill. Enter blank spaces through position 83. The next field starts on position 84.

Field 16—Special Addenda Sequence Number. For the CCD+ format this entry will always be 0001.

Field 17—Entry Detail Sequence Number. This entry is the same as the last seven digits of the ACH trace number (field 11 of CCD+ Entry Detail Record) on the corresponding Entry Detail Record.

Revenue holiday schedule

If a payment due date falls on a legal holiday or weekend, the tax payment must be received on the first business day after the holiday or weekend. Timely payments are based on the settlement date (the date on which the funds move between financial institutions).

If your financial institution is closed on a day that you wish to initiate your transfer, you must contact them one day before the observed holiday.

Financial institution holidays in other states may vary from the holiday schedule listed below. Some financial institutions may need 48 hours notice to initiate your transaction.

Holiday schedule

| | |
|-----------------------------|-----------------------------|
| New Years Day..... | January 1 |
| Martin Luther King Day | Third Monday in January |
| Presidents' 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 |
| Veterans' Day | November 11 |
| Thanksgiving Day | Fourth Thursday in November |
| Christmas Day..... | December 25 |

When a legal holiday falls on a Sunday, it will be observed on the following Monday. When a legal holiday falls on a Saturday, it will be observed either on that day or on the preceding Friday.

Glossary of Terms

ACH. “Automated Clearing House” (ACH) 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 Automated Clearing House Association.

ACH Credit. An “ACH Credit” transaction is one in which you, the taxpayer, through your financial institution, originate an entry crediting the designated financial institution’s account and debiting your own account for the amount of the tax payment.

ACH Debit. An “ACH Debit” transaction is one in which you, the taxpayer, initiates an entry through a secure internet connection or with a touchtone telephone, crediting the state’s designated financial institution’s account and debiting your own account for the amount of the tax payment.

CCD+. “Cash Concentration or Disbursement Plus Addenda” is a standard National Automated Clearing House Association 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.

EFT. “Electronic Funds Transfer” is a term that identifies any system used to transfer payments or funds electronically. EFT refers to any transfer of funds (other than a transaction originated by check, , or similar paper instrument), that is initiated through an electronic terminal, telecommunications instrument, computer, or magnetic tape, to order, instruct, or authorize a financial institution to debit or credit an account.

FRB. “Federal Reserve Bank” is the central banking system of the United States, consisting of 12 regional reserve banks and member depository institutions that are subject to Reserve requirements.

NACHA. The “National Automated Clearing House Association” is the organization that establishes the standards, rules, and procedures enabling depository financial institutions to exchange ACH payments on a national basis.

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 pre-notification (pre-note) test is a zero-dollar entry sent through the ACH network to verify a financial institution’s information. A pre-note test must be done at least 10 calendar days before EFT payments begin.

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

TXP. The “Tax Payment” banking convention is a national standard administered by NACHA. TXP is used by the federal government and the majority of states that utilize EFT for tax collection. The format is carded 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 TXP convention is a result of the joint efforts of the Federation of Tax Administrators, the Committee on State Taxation, and the Bankers Electronic Data Interchange (EDI) Council.



WHO TO CALL FOR HELP

For EFT questions

| | |
|----------------------------|--------------|
| EFT Help/Message Line..... | 503-947-2017 |
| EFT Coordinator..... | 503-947-2018 |
| EFT Technician..... | 503-947-2037 |
| EFT Fax..... | 503-947-2016 |

For tax and assessment questions

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|---|--------------|
| Oregon Department of Revenue | |
| Corporation excise or income taxes..... | 503-378-4988 |
| Withholding, TriMet, or Lane Transit taxes..... | 503-945-8091 |
| Oregon Department of Employment | |
| Unemployment taxes..... | 503-947-1488 |
| Oregon Department of Consumer and Business Services | |
| Workers' Benefit Fund assessments..... | 503-378-2372 |

Send all EFT applications and correspondence to:

**EFT Coordinator
Information Processing Division
Oregon Department of Revenue
PO Box 14725
Salem OR 97309-5018**

Information and forms are also available at
www.oregon.gov/DOR/ESERV/eft.shtml