



1. Description of the program

This overview explains the participation and filing requirements of the Electronic Filing and Payment Program for Withholding Tax (PrompTax), 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 held in trust for New York State and local governments by New York State withholding taxpayers.

2. Required participation

Withholding tax filers whose 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 **must** enroll in the program

3. PrompTax benefits

Taxpayers participating in PrompTax will benefit from the following:

- The enhanced ability to view and update your account information online
- The ability to schedule (warehouse) Automated Clearing House (ACH) debit payments up to six months in advance
- Access to the Tax Department's Electronic Funds Transfer (EFT) Helpline at 1 800 251-2000, available 24 hours a day, seven days a week

4. Enrollment

You must enroll online (see *Need help?*; search *PrompTax*), or file Form TR-370, *PrompTax Withholding Tax Enrollment Application*, within 20 days of the postmark date of the Form TR-370.1, *Notification of Required Participation*. If you use a payroll service and wish to allow the Tax Department to discuss your confidential tax account information with them, complete Section 4 of the enrollment application, or the authorization for release of confidential information section on the Web application.

Once enrolled, you will receive a notification containing the following:

- Confirmation of enrollment, including details of your payment option and start date
- Six-digit access code
- Eight-character password (mailed under separate cover)

Please verify that the information on the enrollment notification mailed to you is correct. If you selected ACH debit as your payment option, verify the account and routing transit number. Contact the Tax Department's EFT Helpline at 1 800 251-2000 if you have any questions or need to notify us of a problem with your information.

5. 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 Web site (see *Need help?*; search *PrompTax*). 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 PrompTax obligations:

ACH debit – 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 Web file program, or by phone. Web filing 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 on time.
- Your account information is confidential and protected by New York State laws and federal laws.

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 – If you elect this option you will continue to file paper Form NYS-1, *Return of Tax Withheld*, and to 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.

6. PrompTax filing and payment due dates

Regular participants – 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 Web site for more information; see *Need help?*; search *PrompTax*) – 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)

7. 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 on the following holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, and Christmas Day.

8. Exemption from mandatory participation

If you believe that you should be exempt from the program, you must file Form TR-371, *PromptTax Withholding Tax Statement of Exemption from Mandatory Participation*, and supporting documentation including 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 calendar 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**

or send by fax to (518) 435-2951.

You will receive the Tax Department's determination within 14 calendar 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:

**BUREAU OF CONCILIATION AND MEDIATION SERVICES
NYS TAX DEPARTMENT
W A HARRIMAN CAMPUS
ALBANY NY 12227**

You may also file challenges to your selection for mandatory participation directly with the Division of Tax Appeals. Access the Division of Tax Appeals' Web site at www.nysdta.org, 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 Web site (see *Need help?*).

9. Penalty for failure to enroll

If you are a mandatory participant and:

- you fail to enroll within 20 calendar 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 calendar 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.

10. Questions?

For answers to your enrollment questions, assistance with the Web site, or for additional information, contact the Tax Department's EFT Helpline at 1 800 251-2000, 24 hours a day, seven days a week. To obtain forms or to request written program information, visit our Web site or contact the Tax Department's PromptTax Customer Service Center (see *Need help?*).

Need help?



Internet access: www.tax.ny.gov



Telephone assistance is available from 8:30 A.M. to 4:30 P.M. (eastern time), Monday through Friday.

PromptTax Customer Service Center: (518) 457-2332