



Participation Notification and Overview

For Electronic Filing and Payment Program (PrompTax)

Description of the program

Chapter 55 of the Laws of 1992, as amended, mandates implementation of an Electronic Funds Transfer Program (PrompTax) for the collection of sales and compensating use taxes, prepaid sales and compensating use taxes on motor fuel and diesel motor fuel, and petroleum business tax.

Required participation

New York State will require your participation in the PrompTax program if your tax liability for the June 1 through May 31 period immediately preceding the previous June 1 through May 31 period meets one or more of the following threshold criteria:

- sales and compensating use tax liability of more than \$500,000
- combined prepayments of sales tax on motor fuel and diesel motor fuel of more than \$5 million
- petroleum business tax (PBT) liability (exclusive of section 301-h carrier tax liability) of more than \$5 million

This program will affect how and when you file and remit these taxes. Tax payments required on Form ST-809, *New York State and Local Sales and Use Tax Return for Part-Quarterly Filers*, and Form ST-810, *New York State and Local Quarterly Sales and Use Tax Return for Part-Quarterly Filers*, will be identified and included in your monthly PrompTax transactions. As a PrompTax sales tax program participant, you are not required to file a paper Form ST-809. However, you are required to file Form ST-810 within 20 days after the end of the quarter for which it is due.

PrompTax benefits

- An electronic payment transaction replaces the necessity of filing Form ST-809.
- The ACH debit payment option is available 24 hours a day, 7 days a week. With the ACH debit option, payment history can be viewed online and payment dates can be selected up to one month in advance.
- The Subscription Service provides automated tax information directly to your email address.
- The EFT Helpline at 1 800 251-2000 is available to assist you 24 hours a day, 7 days a week.
- The PrompTax Customer Service Center is available Monday through Friday, 8 A.M. to 5 P.M. (eastern time).

PrompTax filing requirements

Sales and compensating use tax participants: Your PrompTax electronic payment transaction will include two components: a field to report the amount of payment attributable to the previous month for days 23 through the end of the month, and a field to report the current month, days 1 through 22. Your electronic payment amount should be the total of these two components and must be received by the Tax Department no later than three (3) business days following day 22 of the month.

Prepaid sales tax on motor fuel and diesel motor fuel participants: Your PrompTax electronic payment transaction will be based on your prepaid sales tax on motor fuel and diesel motor fuel liability for days 1 through 22 of each month. Your electronic payment must be received by the Tax Department no later than three (3) business days following day 22 of the month.

Petroleum business tax participants: Your PrompTax electronic payment transaction will include two components: a field to report the amount of payment attributable to Article 12-A (combined motor fuel) tax and another field to report Article 13-A (petroleum fuel only) for days 1 through 22 of the current month. Your electronic payment amount should be the total of these two components and must be received by the Tax Department no later than three (3) business days following day 22 of the month.

How to calculate your liability

For all three tax types, your PrompTax transaction is calculated based on either actual or estimated liabilities.

For sales tax participants:

- If you use the **actual** method, your EFT payment must be equal to at least 90% of your actual sales and use tax liability for days 1 through 22 of the current month.

- If you use the **estimated** method, your payment amount must be at least 75% of one-third of your liability for the comparable quarter of the preceding year.

Estimated method example: *Company B uses the estimated method to calculate the EFT payment due January 2008. The tax liability for the comparable quarter of the previous year (December 2006 through February 2007) was \$3,000,000. The calculation would be as follows: $(3,000,000 \div 3) \times .75 = \$750,000$.*

Sales tax participants must also electronically pay the balance of their monthly tax liability for day 23 through the end of the month by the PromptTax due date in the succeeding month. For example, the electronic payment submitted for February 1 through February 22 would also include the tax liability for January 23 through January 31. For an electronic payment due in the month of March, June, September, or December, sales tax participants must pay the balance of any remaining quarterly tax liabilities by the PromptTax due date for such month.

For prepaid sales tax on motor fuel and diesel motor fuel participants:

- If you use the **actual** method, your EFT payment must be equal to at least 90% of your actual prepaid sales tax on motor fuel and diesel motor fuel liability for days 1 through 22 of the current month.
- If you use the **estimated** method, your payment amount must be at least 75% of your tax liability for the comparable month of the preceding year.

For petroleum business tax on motor fuel and diesel motor fuel participants:

- If you use the **actual** method, your EFT payment must be equal to at least 90% of your total article 12-A and 13-A tax liability for days 1 through 22 of the current month.
- If you use the **estimated** method, your payment amount must be at least 75% of your total article 12-A and 13-A tax liability for the comparable month of the preceding year.

Participants enrolled for prepaid sales tax on motor fuel and diesel motor fuel or petroleum business tax must remit their tax liability for day 23 through the end of the month with the applicable return.

Payment options

Please check our Web site at www.nystax.gov/prompt for up-to-date payment and filing options.

- **ACH debit:** This is the option most commonly selected by taxpayers as it allows the greatest convenience and flexibility. With this option you register your bank account information with the Tax Department. Then, on a monthly basis; you report your tax obligation and associated payment by using our Web filing service or by phone. Web filing has benefits not offered with other payment options: you can view your payment history 24 hours a day, 7 days a week; and you can schedule (or warehouse) transactions. **The Tax Department assumes responsibility for initiating the ACH debit transaction**, assuming that you reported your tax liability via the Web or phone on time. Your account information is confidential and used only for tax administration purposes.
- **ACH credit:** Through your own bank, initiate an ACH credit to New York State's sales or PBT account and a debit to your own bank account for the amount of the payment. You must include the required filing and payment information you are reporting using the National Automated Clearing House Association (NACHA) Cash Concentration and Disbursement Plus One Addenda Record (CCD+). Detailed specifications for completion of the CCD+, including the special addenda record, are available on our Web site at www.nystax.gov/prompt. **You are responsible for timely and accurate initiation of the ACH credit process.**
- **Fedwire:** Through your own bank, initiate a Federal Reserve Banking System credit to New York State's sales or PBT account and a debit to your own bank account for the amount of the payment. You must include the required filing and payment information you are reporting using the *Third party information area – originator to beneficiary information (OBI)* field. Detailed specifications for completion of the OBI field are included on our Web site at www.nystax.gov/prompt. **You are responsible for timely and accurate initiation of the Fedwire process.**
- **Certified check:** If you elect this option, you must complete the appropriate form for the applicable tax (Form TR-694, *Sales and Compensating Use Tax PromptTax Certified Check Transmittal*; Form TR-693, *Prepaid Sales Tax on Motor Fuel and Diesel Motor Fuel PromptTax Certified Check Transmittal*; or Form TR-692, *Motor Fuel and Petroleum Business Taxes PromptTax Certified Check Transmittal*). Your payment must be postmarked one (1) business day after day 22 of the month or received by the applicable due date.

PromptTax payment due dates

Important: The tax due date is always three (3) business days following the period end date for which you are reporting. The period end date is always day 22 of the current month. In order to be considered timely filed, you must initiate your transaction according to the following guidelines:

- **ACH debit:** no later than 6:00 P.M. (eastern time) of the second business day following the period end date for which you are reporting.

- **ACH credit:** no later than two (2) business days following the period end date for which 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.
- **Fedwire:** no later than three (3) business days after the period end date for which 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.
- **Certified check:** postmarked no later than one (1) business day following the period end date for which you are reporting.

For more specific information regarding required transaction initiation dates based on your filing option, access our Web site at www.nystax.gov/prompt.

Due date accommodation for weekends and 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 a legal holiday.

Enrollment

You must enroll online at www.nystax.gov/prompt, or file the appropriate enrollment form, within 40 days of the postmark date of the *Notification of Required Participation* mailed with this information. The enrollment forms (Form TR-682, *PromptTax — Sales and Compensating Use Tax Enrollment Application*; Form TR-680, *PromptTax — Prepaid Sales Tax on Motor Fuel and Diesel Motor Fuel Enrollment Application*; or Form IT-681, *PromptTax — Petroleum Business Tax Enrollment Application*) are available on our Web site at www.nystax.gov/prompt. The deadline for enrolling online is the same as for filing a form, within 40 days of the postmark date of the *Notification of Required Participation* mailed with this information.

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, if applicable. The password will be mailed separately.

Please verify that the information on the enrollment notification mailed to you is correct. Pay particular attention to the account and transit routing number if you select ACH debit as your payment option. If you have any questions or need to notify us concerning a problem with your information, contact the PromptTax Customer Service Center at 1 800 338-0054.

Special circumstances

Release due to hardship: The selection of mandatory participants is based on historical tax liability. The hardship exemption takes into account a significant decrease in your tax liability from a historical period to a more current period.

If you believe that you are not required to participate in the program for one or more taxes due to hardship, you must submit the appropriate form for the applicable tax (Form TR-685, *Sales and Compensating Use Tax PromptTax Request for Hardship Exemption*; Form TR-683, *Prepaid Sales Tax on Motor Fuel and Diesel Motor Fuel PromptTax Request for Hardship Exemption*; or Form TR-684, *Motor Fuel and Petroleum Business Taxes (Articles 12-A and 13-A) PromptTax Request for Hardship Exemption*) to the Tax Department within 40 days of the postmark date of the *Notification of Required Participation*. These forms are available on our Web site at www.nystax.gov/prompt.

Selected in error: If you believe that you do not meet the tax threshold for mandatory participation, you may protest the Tax Department's determination. The written protest must be submitted within 40 calendar days of the postmark date on the *Notification of Required Participation*.

Mail sales tax protests to:

NYS TAX DEPARTMENT
PROMPTAX — SALES TAX
W A HARRIMAN CAMPUS
ALBANY NY 12227

Mail petroleum business tax protests to:

NYS TAX DEPARTMENT
PROMPTAX — PBT
WA HARRIMAN CAMPUS
ALBANY NY 12227

You may also request a conference with the Bureau of Conciliation and Mediation Services by completing Form CMS-1, *Request for Conciliation Conference*, or you may file a petition to protest your selection for mandatory participation directly with the Division of Tax Appeals by filing Form TA-10, *Petition*. To obtain this form, access the Division of Tax Appeals Web site at www.nysdta.org.

If the Tax Department notifies you that you are not eligible for exemption based on your tax liability, or if your protest of selection for mandatory participation is not sustained, you must enroll within ten (10) days of that notice.

Request for materialman status: Taxpayers may apply for this relief by completing Form PR-676, *PromptTax Sales and Compensating Use Tax Request for Materialman Relief*. This form is not available on our Web site. For more information or to obtain this form contact the PromptTax Customer Service Center at 1 800 338-0054.

Mail completed requests to:

NYS TAX DEPARTMENT
PROMPTAX — SALES TAX
W A HARRIMAN CAMPUS
ALBANY NY 12227

Taxpayers submitting a request for materialman relief will be advised of the Tax Department's determination within 14 days of receipt of their request. Please see *TSB-M-99(2)S, Materialmen — Pay When Paid*, for more information regarding materialmen.

Penalty for failure to enroll

If a mandatory participant fails to enroll within 40 calendar days of the postmark date or protests the selection for mandatory participation, is denied, and fails to enroll, the Tax Department will assess a \$5,000 penalty, plus \$500 for each additional month or part thereof that the participant fails to enroll.

Need assistance?

For more information, answers to enrollment questions, or to obtain forms, visit our Web site at www.nystax.gov/prompt or contact the PromptTax Customer Service Center, at 1 800 338-0054.