

THE FINANCIAL CONNECTION

NEWS FROM THE FINANCIAL MANAGEMENT SERVICE
A BUREAU OF THE U.S. DEPARTMENT OF THE TREASURY

US DEBIT CARD: THERE WHEN AGENCIES NEED IT

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It was standing-room only for the more than 110 federal agency representatives who attended the US Debit Card Forum on March 2.

Speakers offered insights on best practices for using debit cards during crises. It was an eye-opener for many attendees to hear that the Red Cross now keeps 1 million cards in reserve. Agencies that have used the US Debit Card card in emergencies include the **Transportation**

Security Administration, Peace Corps, Department of Defense and the **Federal Emergency Management Agency (FEMA)**.

The card, issued by JPMorgan Chase as the financial agent for the **Financial Management Service (FMS)**, can be used for miscellaneous or nonrecurring payments. FMS is interested in using the card's flexibility and merchant acceptance to help the unbanked, mobile recipients, and those who cannot access their accounts. FMS hopes the card will reduce agencies' workload and provide better security for recipients.

Forty-four people representing more than 15 agencies signed up to participate in upcoming mock tests to simulate the use of the cards.

For more information, see www.fms.treas.gov/debitcard/ or contact Program Manager Brett Smith at (202) 874-6666.



A winning team: e-file and direct deposit

FOR DIRECT DEPOSIT INFORMATION, VISIT THE FMS WEB SITE AT WWW.FMS.TREAS.GOV/EFT. FOR GENERAL TAX INFORMATION, CALL IRS' TOLL-FREE TAX HELP LINE NUMBER, 1-800-829-1040, OR VISIT WWW.IRS.GOV.

By Shirley Hopkins

Taxpayers were on a record clip for electronic filing during the 2006 tax season.

As of March 31, the **Internal Revenue Service** reported receiving almost 54 million tax returns through e-file, up from 52 million for the same period one year earlier, an increase of more than 3 percent.

7% Growth in '05

The use of direct deposit for federal income tax refunds has grown steadily over the past several years. From 2004 to 2005, there was a 7 percent increase in the number of taxpayers choosing direct deposit. Taxpayers who use direct deposit get their refunds faster—in as little as two weeks.

Direct deposit has been available for federal payments for more than 30 years and has proven to be safe, reliable and convenient. Taxpayers who receive their refunds by direct deposit have significantly fewer problems than with a paper check. Individuals are 30 times more likely to have a problem with a Treasury check than with direct deposit. If a

PAYMENTS

problem does occur with a direct deposit payment, it usually can be resolved in 24 hours, compared with an average of 14 days for a replacement check.

68M Use E-file

E-file has many benefits: free/low-cost filing; fast, safe refunds; security; accuracy—less than 1 percent error rate; electronic signatures; proof of acceptance; electronic payment options; and federal/state e-file.

There are a number of ways to e-file: on one's personal computer using tax preparation software; online e-file services available free to eligible taxpayers at www.irs.gov or through a professional tax preparer. Volunteers assist taxpayers in filing electronically at Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites. These volunteers provide free tax preparation assistance at community locations. Find the closest site by calling 1-800-829-1040.

The IRS has entered into partnership agreements with tax preparer organizations to foster the use of electronic filing. As a convenience to taxpayers, the IRS provides links to these companies' Web sites, and the companies provide descriptions of their products and services.

The IRS and the federal government do not endorse or warrant these companies or their products or services. For more information, visit www.irs.gov/elec_svs/partners.html.

Direct Deposit

To choose a direct deposit refund, taxpayers indicate on the refund portion of their return the financial institution's routing transit number, their account number and the type of account—checking or savings.

If transactions are routed through a financial institution different from the one where the checking account is, contact the financial institution for the correct routing number.

For more information, e-mail Shirley Hopkins of Treasury's **Financial Management Service** (FMS) at shirley.hopkins@fms.treas.gov.

KEEPING PAYMENTS SECURE: EFTPS adds account verification process

TAX COLLECTION

The Electronic Federal Tax Payment System (EFTPS) is introducing a new financial institution account verification process that may result in customers presenting a user verification form for notarization to branch locations.

Developed by the U.S. Department of the Treasury's Internal Revenue Service (IRS) and Financial Management Service (FMS), EFTPS is a free service that allows business and individual taxpayers to pay all federal taxes electronically. Taxpayers can access EFTPS via phone, personal computer software or the Internet to initiate tax payments in a convenient, secure and efficient way. Funds move electronically via the Automated Clearing House (ACH) or same-day payment mechanisms.

Before initiating a payment, taxpayers must enroll in EFTPS online (www.eftps.gov) or by completing and mailing a paper enrollment form. The Taxpayer Identification Number (TIN), Employer Identification Number (EIN) or Social Security Number (SSN) and bank account information are verified against existing taxpayer information on the EFTPS database.

Under this new verification process, if the account information for the taxpayer attempting to enroll in EFTPS matches the financial institution account information of an existing enrollment under a different TIN, EIN or SSN, the taxpayer will

receive a letter from EFTPS. The letter is a request to verify the bank account information by completing an "EFTPS Authorized Account User Verification" form. The form must be notarized by the taxpayer's financial institution and returned to EFTPS in the provided pre-paid envelope to complete the enrollment.

These verification requests by banking customers are a necessary step in completing the EFTPS enrollment process. Financial institutions have a very important role in serving their customers by accurately verifying the account information and completing the EFTPS Authorized Account User Verification form.

For more information, contact the EFTPS Financial Institution Helpline at 1-800-605-9876.

About EFTPS

- At least one day before the tax due date (before 8 p.m. ET), the user initiates a payment using EFTPS online or telephone voice response system.
- On the designated tax settlement date, funds are directly moved electronically through the ACH system from the respective taxpayer's financial institution account to the Treasury's General Account at the Federal Reserve Bank.
- On the morning of the transaction, EFTPS provides the payment information to the Treasury and to the IRS to update the taxpayer's records.

EFTPS
Electronic Federal Tax Payment System

EFTPS AUTHORIZED ACCOUNT USER VERIFICATION FORM
Required for completion of an EFTPS Enrollment.

ENROLLMENT ID

Instructions to Taxpayer

1. Please complete the following information.
2. Take this form to your financial institution to have them verify and notarize the information.
3. Make sure you sign the form.
4. Return the completed form in the envelope provided.

➤ Taxpayer Identification Number (Social Security Number or Employer Identification Number) _____

➤ Bank Account Number (This is the account you wish to use for making EFTPS payments with the account.) _____

➤ Financial Institution Routing Number (RTN) _____

➤ Type of Account: Checking Savings

I certify that the above information is correct and that I have the authority to sign on behalf of the taxpayer.

Signature of Authorized Account User: _____ Date: _____

Title of Authorized Account User: _____

Visit www.eftps.gov for Privacy Act notice applicable to individuals.

Instructions to the Financial Institution

1. Please verify and notarize the above information, including the Authorized Account User's signature.
2. Sign below. The bank official's signature must be notarized. I certify that I have verified the taxpayer's above information, including the Authorized Account User's signature, and that I have the authority to sign on behalf of the bank.

Bank Name: _____

Name of Bank Official: _____

Title of Bank Official: _____

Signature: _____

Phone () - _____

State of _____

County of _____

Signed and sworn to (or affirmed) before me on _____ (date)

By _____ (bank official)

Witness my hand and official seal.

(Signature of Notary Public): _____

My commission expires: _____

NOTE: Any person who knowingly and willfully falsifies a material fact or makes any false statements or representations to any agency of the United States, is subject to criminal prosecution pursuant to 18 U.S.C. § 1001.

Please complete and mail. Use postage paid envelope provided or mail to EFTPS Enrollment Processing, P.O. Box 173788, Denver, CO 80217-3788

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The ABCs of disbursing with the Internet Payment Platform



Representatives of more than 20 agencies attended an Internet Payment Platform forum hosted by the **Financial Management Service** (FMS) and the Federal Reserve Bank (FRB) of Boston. IPP is a new vendor payment and reporting platform offered to federal agencies by FMS.

Almost a dozen agencies have already signed on to use the IPP, which is designed to help agencies eliminate paper-based processing of purchase orders, reduce overhead and streamline back office operations.

For more information, please visit www.ipp.gov or contact Program Manager Brett Smith at (202) 874-6666.

UPCOMING EVENTS

For more about FMS events, see www.fms.treas.gov/calendar.html.

May 1-2: "Celebrating a Decade of Debt" Debt Collection Conference, Washington, D.C.

May 3 (or 4): FedDebt for Cross-Servicing Agencies, Washington, D.C.

May 16: Treasury Report on Receivables, Atlanta, Ga.

May 23-24: San Francisco Financial Center (SFC) Agency Forum, Denver, Colo.

June 7-8: Kansas City Financial Center (KFC) Customer Advisory Board Meeting, Atlanta, Ga.

August 23-24: SFC Customer Advisory Board Meeting, Denver, Colo.