



mated income tax payments effective with respect to deposits or payments made after January 31, 2000.

BACKGROUND

On February 10, 1999, the Internal Revenue Service announced in the Federal Register (64 F.R. 6739) that consideration was being given to ending the program which allows certain reporting agents to transmit to the Service by magnetic tape federal tax deposit and estimated income tax information.

Rev. Proc. 89-48, 1989-2 C.B. 599, provides the requirements under which qualifying reporting agents may submit magnetic tapes to report their clients' federal tax deposit payments instead of using paper coupons (Form 8109-Federal Tax Deposit Coupon). The authorization to use magnetic tape extends only to those reporting agents who have a minimum of 200 clients and who satisfy all of the requirements of the revenue procedure.

Rev. Proc. 89-49, 1989-2 C.B. 615, provides that certain banks and financial institutions having a Treasury Tax and Loan Account (TT&L Account), and acting as fiduciaries with respect to at least 200 taxable trusts, are *required* to submit the trusts' estimated income tax payment information on magnetic tape instead of using vouchers (Form 1041-ES, Estimated Income Tax for Estates and Trusts). In addition, the revenue procedure provides that authorizations will also be extended to those fiduciaries which have at least 50 but fewer than 200 taxable trusts with or without a TT&L account and that wish to submit estimated income tax information by magnetic tape.

MAGNETIC TAPE REPORTING OF FEDERAL TAX DEPOSITS IS TERMINATED

The program under which qualifying reporting agents may submit magnetic tapes to report their clients' federal tax deposit information and under which certain fiduciaries submit magnetic tape to report trust estimated income tax payment information is terminated for federal tax deposits or estimated tax payments made after January 31, 2000.

After termination of the program, current magnetic tape filers may either use paper coupons (Form 8109), estimated tax vouchers (Form 1041-ES), or the

Elimination of Magnetic Tape Program for Federal Tax Deposits

Notice 99-42

This notice advises taxpayers of the termination of the Internal Revenue Service magnetic tape program for the reporting of federal tax deposits and certain esti-

Electronic Federal Tax Payment System (EFTPS). If the client is required to deposit using EFTPS, the reporting agent must also use EFTPS with respect to that client. In addition, the reporting agent may voluntarily use EFTPS with respect to any other client that is voluntarily enrolled in EFTPS.

Rev. Proc. 98-32, 1998-17 I.R.B. 11, provides information about the EFTPS programs for Batch Filers and Bulk Filers. These electronic programs are used by Batch Filers and Bulk Filers (Filers) to submit enrollments, federal tax deposits, and federal tax payments on behalf of multiple taxpayers. The Bulk Filer program is recommended for Filers who anticipate making 750 or more payments on a peak day. The Batch Filer program is recommended for all other Filers who anticipate submitting 50 or more enrollments.

In addition, a Single Debit Filer application is available for banks and financial institutions that prefer to make a single payment out of one account to cover the estimated taxes of multiple trusts. Filers should consult Publication 3394, EFTPS Single Debit Guide, and Publication 3393, EFTPS Single Debit Technical Requirements, for assistance in using this program.

EFFECT ON OTHER DOCUMENTS

Rev. Proc. 89-48 and Rev. Proc. 89-49 are obsolete after January 31, 2000.

EFFECTIVE DATE

This notice is effective with respect to federal tax deposits or estimated income tax payments made after January 31, 2000.

DRAFTING INFORMATION

The principal author of this Notice is Vincent G. Surabian of the Office of Assistant Chief Counsel (Income Tax & Accounting). For further information regarding this Notice contact Mr. Surabian on (202) 622-4940 (not a toll-free call). For further information regarding alternate reporting options available to current magnetic tape users, contact Melvyn S. Barkin at (202) 283-0259 (not a toll-free call).