



## **TAX ALERT from the Virginia Department of Taxation**

**To:** All Payroll Services Providers (PSPs) and Other Interested Persons

**Subject:** New Virginia Legislation Mandating ACH Credit effective July 1, 2004, for all withholding payments remitted by PSPs to Virginia TAX

**Date:** September 12, 2003

Effective July 1, 2004, all persons who act on behalf of 100 or more taxpayers to remit individual income tax withholding payments imposed pursuant to § 58.1-460 et seq. of the *Code of Virginia* are required to remit such withholding to the Virginia Department of Taxation using automated clearinghouse credit transactions. For further information, refer to § 58.1-202 et seq. of the *Code of Virginia*.

Automated clearinghouse credit transactions must follow the CCD+TXP file format standard set by the National Automated Clearinghouse Association (NACHA). This file format is the only acceptable format for the Department's bank. For a copy of the file format, visit the Department's web site at [www.tax.state.va.us](http://www.tax.state.va.us), click on business, click on Electronic Filing Options, and then download the EFT Guide.

At present, the Department assigns each business registered in Virginia a 10-digit Virginia account number. In late summer/early autumn of 2004, the Department will be replacing its legacy system with a new integrated revenue and accounting system, commonly referred to as either IRMS or Advantage Revenue. When the Department converts to IRMS, the account number(s) assigned to each registered business will be changed. The new account numbers will be 15 characters in length, using each business's FEIN as the basis. The schema for the 15-character account number will be as follows:

XX-XXXXXXXXXX-XXX

2 digit prefix indicating account type = 30 for withholding

9 digit FEIN + 1 character = F for FEIN

3 digit suffix for location code = 001, 002, etc

If the business has only one location or reports all locations together on one return, then the location code will equal 001. If the business has multiple locations and reports withholding for each location separately, then each location will be sequentially assigned a 3-digit code, beginning with 001. Information will be provided to all businesses beginning in early to mid 2004.

The CCD+TXP file format already provides for a 15-character taxpayer account number. However, our ACH Credit file format requirements state that the 10-digit Virginia account number is to be used. Following conversion to IRMS, when remitting automated clearinghouse credit transactions, PSPs will need to replace the 10-digit Va. Account number with the new 15-character account number. No other change in the file format is anticipated. To allow for a smooth transition, the Department will continue to accept automated clearinghouse credit transactions with the 10-digit Virginia account number for several months following conversion.

To receive updates via email regarding new legislation, form changes, and processing changes that may impact your organization and your clients, please email me at the email address provided below and I will add your email address to our Payroll Service Provider group email list.

If you have any questions, please contact Lee Mikelson or Kathy Carson. Contact information is provided on page 2 of this memorandum.

Thank you.

## **Virginia Department of Taxation**

### **Electronic Funds Transfer**

### **Payroll Service Provider Contact Information**

Email: [Lmikelson@tax.state.va.us](mailto:Lmikelson@tax.state.va.us)

Telephone: 804-367-0251

FAX: 804-367-0224

Address: Lee Mikelson, Channel Services Manager

Virginia Department of Taxation

3600 West Broad Street, Room 169

Richmond, Virginia, 23230

Email: [Kcarson@tax.state.va.us](mailto:Kcarson@tax.state.va.us)

Telephone: 804-367-0253

FAX: 804-367-0224

Address: Kathy Carson, PSP EFT Coordinator

Virginia Department of Taxation

3600 West Broad Street, Room 169

Richmond, Virginia, 23230