

# TAX NEWS

WINTER 2019

## Dear Client:

With so much happening in the tax world it is hard to pin down the one item that will make a difference this tax season. We encourage you to contact the office if you have had change in the past year—whether it be a life change such as a marriage, divorce, birth or death; or if your income has substantially changed—either increased or decreased. Did you start a new

business this year or shut down an existing business? There are so many areas that the new tax laws have touched that we want to be sure you will not have any surprises during the upcoming tax season.

Following are snippets from the new tax law that may affect you. If you have any questions or concerns be sure to contact our office. Look for the tax organizer that

will be coming your way, now is the time to start cleaning up your files to prepare for the preparation of your 2019 tax returns.

And as always, we wish you the happiest of the Thanksgiving celebration and all the joys of the upcoming holiday season. We look forward to meeting with you in the new year and wish you a very joyous and healthy Happy New Year!

## Do You Qualify for Long-Term Capital Rates?

See if you qualify for the 0% rate on long-term gains and qualified dividends. If taxable income other than gains or dividends does not exceed \$39,375 for singles...\$78,750 for joint filers...then dividends and profits on the sales of assets owned for more than a year are taxed at 0% until they push you over the threshold amounts.

Here are three scenarios to illustrate the rules. In the three examples, we have a married couple with \$12,500 of qualified dividends and long-term gains, which are included in taxable income. In the first example, the couple has \$65,000 of taxable income. The full \$12,500 of gains and dividends is taxed at the 0% rate. Let's now assume the couple has taxable income of \$82,000. \$9,250 of the gains and dividends (\$78,750 - (\$82,000 - \$12,500)) gets the favorable 0% tax rate, and \$3,250 is taxed at 15%. If the couple instead has \$110,000 of taxable income, the 0% rate doesn't apply and the full \$12,500 of gains and dividends is taxed at 15%.

### For 2020, the capital gains tax rates will be as follows:

The 0% capital gains rate applies to adjusted net capital gain of up to:

- Joint returns and surviving spouses—\$80,000 (up from \$78,750 for 2019)
- Single filers and married taxpayers filing separately—\$40,000 (up from \$39,375 for 2019)
- Heads of household—\$53,600 (up from \$52,750 for 2019)
- Estates and trusts—\$2,650 (same as for 2019)

The 15% capital gains tax rate applies to adjusted net capital gain over the amount subject to the 0% rate, and up to:

- Joint returns and surviving spouses—\$496,600 (up from \$488,850 for 2019)
- Married taxpayers filing separately—\$248,300 (up from \$244,425 for 2019)
- Heads of household—\$469,050 (up from \$461,700 for 2019)
- Single filers—\$441,450 (up from \$434,550 for 2019)
- Estates and trusts—\$13,150 (up from \$12,950 for 2019)

The 20% capital gains tax rate applies to adjusted net capital gain over the above 15%-maximum amounts.

Contact our office if you have or are planning to sell appreciated assets. Tax planning in this area may result in no tax liability from the sale of the assets.

## ARE YOU AN EMPLOYER?

The Electronic Filing Tax Payment System (EFTPS) can help employers whether they prepare and submit payroll taxes themselves or if they hire a payroll service provider to do it on their behalf.

Many employers outsource to third-party payroll service providers some or all their payroll and related tax duties, such as tax withholding, reporting and making tax deposits. Third-party payroll service providers can help assure filing deadlines and deposit requirements are met and streamline business operations. Most payroll service providers administer payroll and employment taxes on behalf of an employer, where the employer provides the funds initially to the third party. They also report, collect and deposit employment taxes with state and federal authorities.

EFTPS helps employers keep an eye on their tax responsibilities, even if they have hired a payroll service provider. EFTPS is secure, accurate, easy to use and provides an immediate confirmation for each transaction. Anyone can use EFTPS. The service is offered free of charge from the U.S. Department of Treasury

*continued on page 6*

# IRS Provides Tax Guidance Regarding Family Members Working for Each Other

**Both spouses carrying on the trade or business.** If you and your spouse carry on a business together and share in the profits and losses, you may be partners even if you do not have a formal partnership agreement. In that case, report income or loss from the business on Form 1065. The business income and expenses should not be reported on the Schedule C (Form 1040) in the name of one spouse as a sole proprietor. But both spouses can elect not to treat the joint venture as a partnership by making a qualified joint venture election.

**Qualified joint venture.** Spouses may elect treatment as a qualified joint venture instead of a partnership. A qualified joint venture conducts a trade or business where:

- The only members are a married couple who file a joint return;
- Both spouses materially participate in the trade or business; and
- Both spouses elect not to be treated as a partnership.

Only businesses owned and operated by spouses as co-owners and not in the name

of a state law entity, such as a limited partnership or limited liability company, are eligible for the qualified joint venture election.

Spouses electing qualified joint venture status are sole proprietors for federal tax purposes. Each spouse must file a separate Schedule C to report their share of profits and losses. They do not need an EIN unless their sole proprietorship must file excise, employment, alcohol, tobacco or firearms returns. One spouse cannot continue to use the partnership's Employer Identification Number (EIN) for the qualified joint venture. The partnership will generally file a final tax return in the year they change to a qualified joint venture.

**One spouse employed by another.** The wages for the services of an individual who works for their spouse are subject to income tax withholding and Social Security and Medicare taxes but not to the Federal Unemployment Tax Act (FUTA).

**Child employed by parents.** Payments for the services of a child under age 18 aren't subject to Social Security and Medicare taxes, if the business is a sole

proprietorship or a partnership in which each partner is a parent of the child. Payments to a child under age 21 aren't subject to FUTA. Payments are subject to income tax withholding, regardless of the child's age.

Payments for the services of a child are subject to income tax withholding as well as Social Security, Medicare and FUTA taxes if he works for:

- a. A corporation, even if it's controlled by the child's parent; or
- b. A partnership, even if the child's parent is a partner, unless each partner is a parent of the child.

**Parent employed by child.** The wages for the services of a parent employed by their child are subject to income tax withholding and Social Security and Medicare taxes. They're not subject to FUTA tax.

If you feel you may meet the requirements for a qualified joint venture, which ends the necessity for a separate tax return by the partnership, schedule a discussion with our office to discuss the pros and cons of the election.

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## Are You 70½ Years Old?

Pay attention to the required minimum distribution rules for traditional IRAs. People age 70½ and older must take withdrawals by year-end or pay a fine equal to 50% of the required distribution. The sum of these required withdrawal amounts can be taken from any IRA you own.

The rules that apply to 401(k) plan payout also show a requirement for a minimum distribution except that people who own 50% or less of a company and work past age 70½ can delay taking distributions until they retire, and the minimum required distribution must be taken ratably from each 401(k) account. One strategy is to move your 401(k) funds into a traditional IRA to maximize your options.

If you turned 70½ this year, you can delay 2019's payout until April 1, 2020, though the distribution is still based on your total IRA balance as of December 31,

2018. And you must also take your 2020 distribution before December 31, 2020 which may increase your taxable income substantially.

Charitable donations can be made directly from a traditional IRA to save on taxes. People who are age 70½ and older can transfer up to \$100,000 yearly from IRAs directly to charity. If married, you and your spouse can give up to \$100,000 each from your separate IRAs. Qualified charitable distributions (QCD) can count as required minimum distributions, are not taxable and are not added to your adjusted gross income. Therefore, they will not trigger a Medicare premium surcharge or other adverse tax liabilities. You cannot deduct the donation. The IRA-to-charity strategy can be a good way to get tax savings from charitable gifts for taxpayers not taking charitable write-offs because of higher standard deductions.

The money from the IRA must go directly to a charitable organization. Transfers to a donor-advised fund, charitable gift annuity, charitable remainder trust or any other life-income or split-interest gift arrangement aren't treated as QCD. You must be at least 70½ on the date of the gift. If you turn 70½ on December 5th, for example, you must wait until that day or later to make the transfer to get the break. Make sure you get a receipt from the charity to substantiate the donation.

If you are considering year end charitable contributions and have attained age 70½ contact our office to determine if this tax strategy is right for you.

# Guide for Reporting Tip Income by Employers & Employees

Employers and employees in the service industries that involve tipping need to comply with a unique set of tax rules. Like wages, income tax, Social Security tax and Medicare tax must be paid on tip income.

In general, tips are discretionary payments made by customers to employees and can be paid in cash, credit cards, noncash (such as tickets) and through tip pools from other employees (indirect tips). To qualify, the tip must be voluntary, and the amount cannot be negotiated.

On the other hand, service charges are required to be paid by the customer even if it's called a tip or gratuity. Examples of service charges include an automatic gratuity for a large dining party, a banquet event fee, a hotel room service charge and a bottle service charge. In general, service charges are reported as non-tip wages paid to the employee, excluding the portion retained by the employer.

## Reporting tip income

Employees must report all cash tips received to the employer, except total tips under \$20 for a given month. Employees need to report tips to the employer by the 10th of the month after the month the tips are received. Noncash tips received from customers are not reported to the employer.

All cash and noncash tips are required to be included in the employee's gross income and are subject to tax. Both direct tips and indirect tips (e.g. bussers and cooks) must be reported to the employer, but you can reduce the number of reportable tips you share with other employees. For example, if you receive a \$150 tip and give the bartender \$25, you would only report \$125.

Employer requirements:

- Retain employee tip reports
- Withhold income taxes and the employee's share of FICA taxes
- Pay employer's share of FICA taxes
- File Form 941, Employer's Quarterly Federal Tax Return along with federal deposits

- Include tip income on Form W-2, Box 1 (Wages, tips & other compensation), Box 5 (Medicare wages and tips) and Box 7 (Social Security tips)

## Reporting service charges

Service charges that are distributed to an employee by an employer are treated the same as regular wages. Service charges are:

- Not included in the employee's daily tip record
- Included on Form W-2, Boxes 1, 3 and 5
- Subject to FICA taxes and income tax withholding

## Allocated tips

If the total tips reported by all employees at a large food or beverage establishment are less than 8 percent of gross receipts, the employer is required to allocate the difference between 8 percent of gross receipts and the actual tip income among all employees who received tips.

If the employer allocates tips:

- They are shown separately on Form W-2, Box 8 (Allocated tips)
- They are not included in Boxes, 1, 5 or 7 (i.e. income tax and FICA is not withheld since the employee didn't report the amount to the employer)
- The employee includes the allocated tips in income and files Form 4137, Social Security and Medicare Tax on Unreported Tip income

## Employer's share of Social Security & Medicare taxes on unreported tips

If an employee fails to report their tips to the employer, the employer is not liable for the employer's share of Social Security and Medicare taxes (FICA) on the unreported tips until the IRS notifies and demands the taxes. The employer is not liable to withhold and pay the employee's share of Social Security and Medicare taxes on any unreported tip income.

# Who You Hire to Prepare Your Taxes Matters!

Are you confused by the different designations advertised by tax professionals? Under tax law, anyone with a PTIN (Preparer Tax Identification Number) can prepare taxes for pay. There is no specific designation, testing, or continuing education required to prepare tax returns. However, if you receive a tax notice or notification of an audit there is a significant difference on who can represent you with the Internal Revenue Service or with state tax agencies. Following is a primer on the different designations and their ability to represent taxpayers:

**EAs (enrolled agents), CPAs (certified public accountants), and attorneys:** unlimited representation rights. This means that these professionals can represent anyone, before any level of the IRS, at any time. Form 2848, Power of Attorney, must be filed with the Internal Revenue Service to allow representation.

**AFSP (annual filing season program) Record of Completion holders:** a designation, not a credential, that provides limited representation rights. This means that those with this designation can only represent taxpayers of which returns that they have signed and only before exams (revenue agents), Tax Payer Advocate Service and Taxpayer Assistance Centers. They are not permitted to represent anyone before appeals, collections (Automated Collection Service and revenue officers), legal counsel, and similar IRS employees.

**Unenrolled preparers (preparers with just PTINs):** absolutely zero representation rights, even if they prepared the return. This started as of January 1, 2016.

Anyone can submit Form 8821, Tax Information Authorization, for authority to share information with the Internal Revenue Service. For example: a car dealership can get a Form 8821 on a car buyer and gather information from the IRS about that car buyer. An 8821 is used to receive information only and does not grant representation rights.

**3rd party checkbox authority:** if you prepare a return you can be given checkbox authority. This means that you can speak to the IRS about that return, for that year, and only about the processing of that return (i.e. refund issues). You cannot act on the taxpayer's behalf.

# 2020 Projected Tax Brackets

The income tax brackets, standard deduction amounts, and many other tax items are adjusted annually for cost-of-living increases.

The tax rate schedules for 2020 will be as follows.

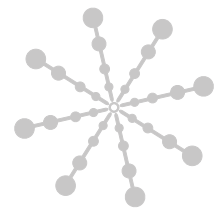
2019 Taxable Incomes and Bracket Threshold							
FILING STATUS	10%	12%	22%	24%	32%	35%	37%
Single	\$9,700	\$39,475	\$84,200	\$160,725	\$204,100	\$510,300	>\$510,300
Head of Household	\$13,850	\$52,850	\$84,200	\$160,700	\$204,100	\$510,300	>\$510,300
Married Joint & Surviving Spouse	\$19,400	\$78,950	\$168,400	\$321,450	\$408,200	\$612,350	>\$612,350
Married Separate	\$9,700	\$39,475	\$84,200	\$160,725	\$204,100	\$306,175	>\$306,175
Estates & Trusts	\$2,600	N/A	N/A	\$9,300	N/A	\$12,750	>\$12,750

2020 PROPOSED Taxable Incomes and Bracket Threshold							
FILING STATUS	10%	12%	22%	24%	32%	35%	37%
Single	\$9,875	\$40,125	\$85,525	\$163,300	\$207,350	\$518,400	>\$518,400
Head of Household	\$14,100	\$53,700	\$85,500	\$163,300	\$207,350	\$518,400	>\$518,400
Married Joint & Surviving Spouse	\$19,750	\$80,250	\$171,050	\$326,600	\$414,700	\$622,050	>\$622,050
Married Separate	\$9,875	\$40,125	\$85,525	\$163,300	\$207,350	\$311,025	>\$311,025
Estates & Trusts	\$2,600	N/A	N/A	\$9,450	N/A	\$12,950	>\$12,950

**Dependents.** For an individual who can be claimed as a dependent on another's return, the basic standard deduction for 2020 will be \$1,100 (same as for 2019), or \$350 (same as for 2019) plus the individual's earned income, whichever is greater. However, the standard deduction may not exceed the regular standard deduction for that individual.

**Older and blind taxpayers.** For 2020, the additional standard deduction for married taxpayers 65 or over or blind will be \$1,300 (same as for 2019). For a single taxpayer or head of household who is 65 or over or blind, the additional standard deduction for 2020 will be \$1,650 (same as for 2019).

When preparing your 2019 tax returns, we will be looking at your projected income and potential tax liability for tax year 2020. This will be the time to adjust your 2020 withholding and/or tax estimates accordingly.



# Other Tax Considerations

Following are some of the key components of the new tax bill. Contact our office if you have any questions regarding these provisions, or any of the changes as a result of the new tax laws.

**EXEMPTION AMOUNT.** While the dependency exemption deduction is reduced to zero from 2018 through 2025, the reduction amount is taken into account for other purposes of tax law, such as who is a qualifying relative for family credit purposes, and eligibility for head-of-household status. For 2019 the amount is \$4,200 which for 2020, this amount is increased to \$4,300.

**KIDDIE TAX:** The exemption from the kiddie tax for 2019 and 2020 will be \$2,200. The dependent can file their own tax return (subject to trust and estate tax rates). Or, a parent will be able to elect to include a child's income on the parent's return if the child's income is more than \$1,100 and less than \$11,000.

**INCOME-BASED LIMITATIONS ON SECTION 199A/QUALIFIED BUSINESS INCOME DEDUCTION (20% DEDUCTION):** For 2019 taxpayers with taxable income above \$160,700 for singles, \$321,400 joint returns, and \$160,725 for married filing separate may see a complete elimination, or may be limited, on the 20% qualified business income deduction. Those limits for 2020, are taxpayers with taxable income above \$163,300 for single and head of household returns, \$326,600 for joint filers, and \$163,300 for married filing separate returns.

**REFUNDABLE CHILD CREDIT:** The child credit is refundable, subject to the limits identified below, to the extent of the greater of:

- 15% of earned income above \$2,500, or
- for taxpayers with three or more qualifying children, the excess of the taxpayer's social security taxes for the tax year over his or her earned income tax credit for the year.
- The refundable portion of the child tax credit for any qualifying child cannot exceed \$1,400 for 2019 or 2020.

**EARNED INCOME TAX CREDIT:** For 2020, the maximum amount of earned income on which the earned income tax credit will be computed is \$7,030 for taxpayers with no qualifying children, \$10,540 for taxpayers with one qualifying child, and \$14,800 for taxpayers with two or more qualifying children. These amounts are \$6,920, \$10,370, and \$14,570 for 2019, respectively.

For 2020, the phaseout of the allowable earned income tax credit will begin at \$14,680 for joint filers with no qualifying children (\$8,790 for others with no qualifying children), and at \$25,220 for joint filers with one or more qualifying children (\$19,330 for others with one or more qualifying children). These amounts are \$14,450, \$8,650, \$24,820 and \$19,030 for 2019, respectively.

The amount of disqualified income (generally investment income) a taxpayer may have before losing the entire earned income tax credit will be \$3,600 for 2019 (\$3,650 for 2020).

**EDUCATOR EXPENSES:** For 2019 and 2020, eligible elementary and secondary school teachers can claim an above-the-line deduction for up to \$250 per year of expenses paid for books and certain other supplies used in the classroom.

**LIFETIME LEARNING CREDIT PHASEOUT:** For 2019 a taxpayers modified adjusted gross income (MAGI) in excess of \$58,000 (single) or \$116,000 (joint) will be used to determine the

reduction in the amount of the Lifetime Learning Credit allowable on the return. The 2020 threshold will be \$59,000 (single) or \$118,000 (for a joint return).

**STUDENT LOAN INTEREST DEDUCTION:** For 2019 and 2020, the deduction phases out ratably for single taxpayers with modified adjusted gross income between \$70,000 and \$85,000, and between \$140,000 and \$170,000 for joint filers.

**SAVER'S CREDIT:** For tax year 2019, an eligible lower-income taxpayer can claim a nonrefundable tax credit of up to \$2,000 of his or her qualified retirement savings contributions, as follows:

- Joint filers: \$0 to \$38,500, 50%; \$38,500 to \$41,500, 20%; and \$41,500 to \$64,000, 10% (no credit if AGI is above \$64,000).
- Heads of households: \$0 to \$28,875, 50%; \$28,875 to \$31,125, 20%; and \$31,125 to \$48,000, 10% (no credit if AGI is above \$48,000).
- All other filers: \$0 to \$19,250, 50%; \$19,250 to \$20,750, 20%; and \$20,750 to \$32,000, 10% (no credit if AGI is above \$32,000).

For tax year 2020 the income numbers are increased as follows:

- Joint filers: \$0 to \$39,000, 50%; \$39,000 to \$42,500, 20%; and \$42,500 to \$65,000, 10% (no credit if AGI is above \$65,000).
- Heads of households: \$0 to \$29,250, 50%; \$29,250 to \$31,875, 20%; and \$31,875 to \$48,750, 10% (no credit if AGI is above \$48,750).
- All other filers: \$0 to \$19,500, 50%; \$19,500 to \$21,250, 20%; and \$21,250 to \$32,500, 10% (no credit if AGI is above \$32,500).

## STATE AND LOCAL TAX (SALT) DEDUCTION LIMITATION

**\$10,000 LIMITATION:** The TCJA limits the SALT deduction for individuals, trusts and estates for non-trade or business activities to \$10,000 each year as an itemized deduction on Schedule A.

The tax law specifically provides that the SALT limitation does not apply to a trade or business or to investment activities. It is important to determine the nature of the property on which property taxes are paid to determine deductibility by segregating personal, business and investment related activities.

**MORTGAGE INTEREST LIMITATION:** The new tax (The Tax Cuts and Jobs Act – TCJA) reduced the amount of home mortgage acquisition debt (an amount to purchase, construct, improve or reconstruct the property) -- from \$1 million to \$750,000 – on which interest can be deducted, for tax years 2018 through 2025. The TCJA also eliminated the ability to deduct as home mortgage interest amounts paid on up to \$100,000 of non-acquisition debt. While this latter amount is commonly referred to as “home equity debt (HELOC),” it does not refer to the mortgage product but to the use of the funds. If funds are borrowed through a home equity loan and are used to purchase, construct or substantially improve the residence, the interest is deductible subject to the \$750,000 deduction limit.

*continued on page 6*

# SOCIAL SECURITY 2020:

## Increasing Taxes, Payments, and the Full Retirement Age

Social Security Retirement benefits are set to increase in 2020—a modest 1.6% increase for the average retired worker that adds an extra \$24 per month to their retirement check. Retired couples will see their combined benefits grow to \$40 per month. This cost of living (COLA) increase is one of the smallest over the past twenty years and will help offset 2020's increasing Medicare Part B and Part D premiums.

The most significant changes happening to Social Security retirement in 2020 will be the increasing social security payroll taxes (FICA) for workers and the increasing age for full retirement benefits.

### Here's what you need to know:

**Social Security tax on wages will increase** by 3.6% in 2020, with the maximum amount of wage earnings (\$137,700) subject to the increase. The maximum Social Security tax paid per worker in 2020 will be \$17,074.80. Half, or \$8537.40, is withheld over the course of the year and the employer pays other half. Self-employed individuals will continue

to pay both parts of their social security tax payment. Why the increase? The boost bases off the Consumer Price Index and a different index measuring wage growth; both trigger increases in the tax.

**The Full Retirement Age increases** by two months to 66 years and eight months to receive 'full retirement benefits' and not a decreased monthly payment. This increase in age for full benefits is only the tenth time in eighty-five years that the full benefits age has increased. The full retirement age will change again to age 67 years in 2022 for those born in 1960 and later.

What's important to note is that both of these changes in increasing tax collection and raising the benefits age are not enough to offset a deficit in the system. This deficit outweighs the changes, due to increasing longevity and the disparity of taxes from fewer American workers paying SSI taxes due to a declining population. When Social Security retirement benefits started, the life expectancy of a male worker born in 1940 was 60.8 years for men, and 65.2 years for women. As of 2017, the life expectancy for a baby born in the U.S. was 78.6 years.

Your decision to start taking Social Security Retirement benefits or delay payments until your full retirement age can make the difference in thousands of dollars over a lifetime:

- Working and taking payments before full retirement age will result in being docked \$1 in benefits for every \$2 in wages above \$1520 per month.
- Once the full retirement age, a retiree can make as much income as they want without losing benefits.
- Only 4% of retirees claim Social Security benefits at the optimal time, leaving \$3.4 trillion in unclaimed benefits.

Together we can decide if waiting to take full retirement benefits is in your best interest. Assessing your benefits and retirement savings is the only way to determine what is best for you. It's imperative to gather accurate information before making a final and unchangeable decision regarding benefits. Contact us for a consultation of your retirement options.

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## Other Tax Considerations continued from page 5

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Under a grandfather rule, for acquisition debt in place before December 15, 2017, the \$1 million limit continues to apply. However, the HELOC used for personal debt was not similarly grandfathered in and the interest on the HELOC is no longer deductible.

**NET OPERATING LOSS DEDUCTIONS (NOL):** The new law repeals net operating loss carrybacks (with a few exceptions) and limits the use of an NOL carryforward to 80% of taxable income of the year to which the loss is carried. However, the carryforward is for an unlimited period. This means that NOLs created in 2018 and later cannot zero the income for a year to which they are carried. Prior NOL carryforwards are not subject to the new rules and are still fully deductible from income.

**MEALS AND ENTERTAINMENT:** For amounts paid or incurred after December 31, 2018, business-related entertainment expenses are no longer deductible. Meals while traveling away from home on business, as well as meals with clients, remain 50% deductible. A significant change applies changing the 100% deduction for meals provided on the employer's premises for the convenience of the employer or in an on-premises cafeteria to a 50% limit.

**GIFT TAX EXCLUSION:** The 2019 annual gift exclusion is \$15,000. This exclusion is the amount that can be gifted to any one person per year (however, multiple gifts can be excluded as long as each individual gift is below the annual gift exclusion amount). Married taxpayers can elect to gift up to \$30,000 to any one person before a gift tax return is required.

The 2019 lifetime gift exemption amount is \$11,400,000. This is the total amount that can be gifted over a person's lifetime tax-free.

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## Are you an employer?

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*continued from page 1*

and enables employers to make and verify federal tax payments electronically 24 hours a day, seven days a week through the internet or by phone.

### Inquiry PIN

Third parties making tax payments on behalf of an employer will generally enroll their clients in the EFTPS under their account. This allows them to make deposits using the employer's Employer Identification Number (EIN).

When third parties do this, it may generate an EFTPS Inquiry PIN for the employer. Once activated, this PIN allows employers to monitor and ensure the third party is making all required tax payments. Employers who have not been issued Inquiry PINs and who do not have their own EFTPS enrollment should register on the EFTPS system to get their own PIN and use this PIN to periodically verify payments.