

## SUBCHAPTER 1C - GENERAL ADMINISTRATION

### SECTION .0100 - DEFINITIONS

#### **17 NCAC 01C .0101 STATE DEFINED**

When used in this Title, "state" shall mean the State of North Carolina.

*History Note:* Authority G.S. 105-262; 143B-217;  
Eff. February 1, 1976.

#### **17 NCAC 01C .0102 SECRETARY DEFINED**

When used in this Title, "secretary" shall mean the Secretary of Revenue of the State of North Carolina.

*History Note:* Authority G.S. 105-262; 143B-220;  
Eff. February 1, 1976.

#### **17 NCAC 01C .0103 DEPUTY SECRETARY DEFINED**

When used in this Title, "deputy secretary" shall mean the Deputy Secretary of Revenue of the State of North Carolina.

*History Note:* Authority G.S. 105-260; 105-262;  
Eff. February 1, 1976.

#### **17 NCAC 01C .0104 DEPARTMENT DEFINED**

When used in this Title, "department" or "Department of Revenue" shall mean the North Carolina Department of Revenue.

*History Note:* Authority G.S. 105-262; 143B-217;  
Eff. February 1, 1976.

### SECTION .0200 - TAXPAYER HEARING BEFORE THE SECRETARY

#### **17 NCAC 01C .0201 PRE-HEARING CONFERENCE**

#### **17 NCAC 01C .0202 PROCEDURE OF HEARING**

#### **17 NCAC 01C .0203 ASSISTANCE OF COUNSEL**

*History Note:* Authority G.S. 105-241.1; 105-262;  
Eff. February 1, 1976;  
Amended Eff. January 1, 1994;  
Repealed Eff. February 1, 2008.

#### **17 NCAC 01C .0204 LOCATION OF HEARING**

*History Note:* Authority G.S. 105-241.1; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1994.



## **17 NCAC 01C .0306 NOTICE OF TAX HEARING**

*History Note:* Authority G.S. 105-241.1; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1994.

## **17 NCAC 01C .0307 WAIVER OF TIME LIMITATION**

Pursuant to G.S. 105-241.9 a taxpayer may make a written waiver of any time limitations for assessments under G.S. 105-241.8 by filing a waiver of time limitation (Gen. Form 59). Such waiver shall contain the date for such waiver and the signatures of the secretary and the taxpayer or his agent or fiduciary.

*History Note:* Authority G.S. 105-241.9; 105-262;  
Eff. February 1, 1976;  
Amended Eff. February 1, 2008.

## **17 NCAC 01C .0308 WARRANT FOR TAX COLLECTION**

In order to satisfy indebtedness for assessed taxes, interest, and penalties, the secretary may issue a warrant for collection of taxes. Gen. Form 23 is completed manually or DOR 41 is processed by computer for this purpose. Such warrant shall direct the sheriff of the appropriate county to levy upon and sell any property of the taxpayer found in that county to satisfy the indebtedness and any costs accrued by the sheriff.

*History Note:* Authority G.S. 105-242; 105-262;  
Eff. February 1, 1976;  
Amended Eff. January 1, 1994.

## **17 NCAC 01C .0309 NOTICE OF SALE UNDER WARRANT**

Upon receiving a warrant from the secretary, the sheriff shall issue a notice of sale under warrant for collection of taxes (Gen. Form 23A). Such notice shall inform the taxpayer and the public of the time and place of the public auction.

*History Note:* Authority G.S. 105-242; 105-262;  
Eff. February 1, 1976.

## **17 NCAC 01C .0310 NOTICE OF SALE OF PERSONAL PROPERTY UNDER WARRANT**

Upon receiving a warrant for collection of taxes, the sheriff shall post a notice of sale of personal property under state tax warrant (Gen. Form 56).

*History Note:* Authority G.S. 105-242; 105-262;  
Eff. February 1, 1976.

## **17 NCAC 01C .0311 NOTICE OF SALE OF PERSONAL PROPERTY IN COURT**

Upon direction of execution from the superior court, the sheriff shall post a notice of sale of personal property (Gen. Form 57).

*History Note:* Authority G.S. 105-242; 105-262;  
Eff. February 1, 1976.

#### **17 NCAC 01C .0312 NOTICE OF SALE OF REAL ESTATE**

*History Note:* Authority G.S. 105-242; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1994.

#### **17 NCAC 01C .0313 CERTIFICATE OF TAX LIABILITY**

If a taxpayer is indebted for assessed taxes, the secretary may issue a certificate of tax liability to the clerk of the appropriate superior court. Gen. Form 22 is completed manually or DOR 40 is processed by computer for this purpose. Such certificate shall set forth the indebtedness and instruct the clerk to docket and cross index the certificate as a judgment against the taxpayer.

*History Note:* Authority G.S. 105-242; 105-262;  
Eff. February 1, 1976;  
Amended Eff. January 1, 1994.

#### **17 NCAC 01C .0314 GARNISHMENT FOR TAXES**

If a taxpayer is indebted for assessed taxes, interest, or penalties, the secretary may issue a garnishment for taxes. Gen. Form 24 is completed manually or DOR 42 is processed by computer for this purpose. Such garnishment shall be sent to the garnishee informing him of the taxpayer's indebtedness and instructing the garnishee to pay to the secretary such sums as become due from the garnishee to the taxpayer.

*History Note:* Authority G.S. 105-242; 105-262;  
Eff. February 1, 1976;  
Amended Eff. January 1, 1994.

#### **17 NCAC 01C .0315 TAX ABATEMENT**

When any judgment remains unsatisfied for 10 years from date of docketing, it shall abate, subject to the provisions set forth in G.S. 105-242. Such abatement will be recorded on Gen. Form 18.

*History Note:* Authority G.S. 105-242; 105-262;  
Eff. February 1, 1976.

#### **17 NCAC 01C .0316 CLAIM FOR TAX REFUND**

If a taxpayer believes he has overpaid his taxes, he may file a claim for refund (Form NC-19) within the period established under G.S. 105-241.6. The taxpayer shall therein provide the department with the basis of his claim and any other necessary information.

*History Note:* Authority G.S. 105-241.7; 105-262;  
Eff. February 1, 1976;  
Amended Eff. February 1, 2008; January 1, 1994.

#### **17 NCAC 01C .0317 TAX REFUND**

*History Note:* Authority G.S. 105-266.1; 105-262;

*Eff. February 1, 1976;*  
*Repealed Eff. February 1, 2008.*

**17 NCAC 01C .0318 COUNTY REPORT OF ASSESSED VALUATION AND LEVIES**

In order for the Department to make allotments to local units of government and to prepare required reports, each county shall file an annual report of valuation and taxes with the Department (Form TR-1). Such report shall include the types of taxable real and personal property in the local unit, information on reappraisals, levies and tax rates, and the collection of license taxes, occupancy and meal taxes, and other locally administered taxes. Upon completion the form shall be returned to the Tax Research Division of the Department of Revenue.

*History Note: Authority G.S. 105-213; 105-256; 105-262; 105-277A; 105-472;*  
*Eff. February 1, 1976;*  
*Amended Eff. January 1, 1994.*

**17 NCAC 01C .0319 MUNICIPAL REPORT OF ASSESSED VALUATION AND LEVIES**

In order for the Department to make allotments to local units of government and to prepare required reports, each municipality shall file an annual report of valuation and taxes with the Department (Form TR-2). Such report shall include the types of taxable real and personal property in the local unit, levies and tax rates, and collections of license taxes, occupancy and meals taxes, and other locally administered taxes. Upon completion the form shall be returned to the Tax Research Division of the Department of Revenue.

*History Note: Authority G.S. 105-213; 105-256; 105-262; 105-277A; 105-472;*  
*Eff. February 1, 1976;*  
*Amended Eff. January 1, 1994.*

**17 NCAC 01C .0320 POWER OF ATTORNEY**

If a taxpayer elects to appoint another as his attorney, he may do so by filing a power of attorney form with the department (Gen. Form 58).

*History Note: Authority G.S. 105-128; 105-217; 105-262;*  
*Eff. February 1, 1976.*

**17 NCAC 01C .0321 ORDER TO MAKE RECORDS AVAILABLE FOR INSPECTION**

*History Note: Authority G.S. 105-258; 105-262;*  
*Eff. February 1, 1976;*  
*Repealed Eff. January 1, 1994.*

**17 NCAC 01C .0322 FEIN/SOCIAL SECURITY ACCOUNT NUMBERS REQUIRED**

All returns, reports, schedules and correspondence filed with the Department shall contain the taxpayer's federal employer identification number or social security account number in order to verify the identity of the taxpayer.

*History Note: Authority G.S. 105-251; 105-252; 105-262;*  
*Eff. February 1, 1976;*  
*Amended Eff. January 1, 1994.*

**17 NCAC 01C .0323 FEE FOR REPORTS, DOCUMENTS, I.E., TAX FORMS**

*History Note:* Authority G.S. 105-257; 105-262;  
Eff. November 1, 1991;  
Repealed Eff. January 1, 1994.

**SECTION .0400 - INTEREST REQUIREMENTS**

**17 NCAC 01C .0401 GENERAL PROVISIONS**

*History Note:* Authority G.S. 105-241.1; 105-262;  
Eff. November 9, 1977;  
Repealed Eff. January 1, 1983.

**17 NCAC 01C .0402 ESTABLISHED INTEREST RATES**

*History Note:* Authority G.S. 105-241.1; 105-262;  
Eff. November 9, 1977;  
Amended Eff. February 3, 1992; January 1, 1990; January 1, 1989; February 1, 1988;  
Repealed Eff. January 1, 1994.

**SECTION .0500 - FORM OF PAYMENT**

**17 NCAC 01C .0501 FORM OF PAYMENT**

This Section sets forth the rules to be used by the North Carolina Department of Revenue in the administration of G.S. 105-241 empowering the Secretary of Revenue to require that tax payments be remitted in a specific form. If there is a conflict between these Rules and any other rules applicable to specific form of payment, these Rules shall govern.

*History Note:* Authority G.S. 105-241; 105-262;  
Eff. October 1, 1993.

**17 NCAC 01C .0502 METHOD OF PAYMENT**

- (a) Methods. -- Tax payments, including penalty and interest, must be made by cash, warrant, uncertified check, certified check, money order, or another instrument freely negotiable at par through the Federal Reserve System unless otherwise specified. The Department must notify the taxpayer at least 30 days in advance if a specific method is to be required.
- (b) Collection. -- All payments other than by U.S. cash are subject to collection.
- (c) U.S. Institutions and Currency. -- Checks, money orders, or other instruments must be drawn on U.S. financial institutions in U.S. dollars and cents. If the Department accepts an instrument drawn on a foreign financial institution or in foreign currency and enters it for collection through the State's financial institution, any transfer fees, service charges, discrepancies in exchange rate, or other fees are the responsibility of the remitter and will be deducted from the proceeds. When collected, the net proceeds are credited against the tax liability for which the remittance was made.

(d) Certified Funds. -- Checks that have been returned to the Department due to insufficient funds in a taxpayer's account or nonexistence of an account must be repaid to the Department with certified funds when the penalty under G.S. 105-236(1) applies.

*History Note: Authority G.S. 105-241; 105-236(1); 105-262;  
Eff. October 1, 1993;  
Amended Eff. July 1, 2000.*

#### **17 NCAC 01C .0503 EFT DEFINITIONS**

The terms and phrases used in this Section shall have the meanings prescribed in this Rule, unless a different meaning is indicated by the context in which the term or phrase is used.

- (1) "ACH" or "Automated Clearing House" means a central distribution and settlement point for the electronic clearing of debits and credits between financial institutions rather than the physical movement of paper items.
- (2) "ACH Credit" means the electronic transfer of funds initiated by a taxpayer, cleared through the ACH for credit to the State Treasurer.
- (3) "ACH Debit" means the electronic transfer of funds from the taxpayer's account which is initiated to the Data Collection Center upon the taxpayer's instruction and cleared through the ACH for deposit to the State Treasurer.
- (4) "ACH Trace Number" means a unique number assigned to an electronic payment transaction by the financial institution originating the transaction.
- (5) "Addenda Record" means the tax information and electronic format required by the Department in an ACH Credit transfer.
- (6) "Call-in Day" means the day on which a taxpayer communicates information to the Data Collection Center to initiate an ACH Debit transaction.
- (7) "CCD+" or "Cash Concentration or Disbursement Plus Addenda" means a standard ACH transaction format which includes one 80 character addenda record.
- (8) "CB\$" or "Core Banking System" means the Department of State Treasurer's agency online banking system for state agencies and institutions within the University of North Carolina system for transferring funds electronically.
- (9) "Data Collection Center" or "DCC" means the third party vendor, who, under contract with the Department's financial institution, collects and processes EFT payment information from taxpayers and initiates an ACH Debit transaction.
- (10) "Department" means the North Carolina Department of Revenue.
- (11) "Due Date" means the date on which a payment is required to be made by a taxpayer under a General Statute of the State of North Carolina.
- (12) "Electronic Funds Transfer" or "EFT" means any transfer of funds initiated through an electronic terminal, telephonic instrument, computer or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account using the methods specified in the rules in this Section.
- (13) "Fiscal Year" means July 1 through June 30.
- (14) "Holiday" means a State Holiday or a Holiday recognized by the Federal Reserve District.
- (15) "NACHA" means the National Automated Clearing House Association which is the regulatory body for the ACH Network.
- (16) "OBI Fields" or "Originator to Beneficiary Information" means a field in a wire transfer that contains information required by the Department from the taxpayer.
- (17) "Payment Information" means the data which the Department requires of a taxpayer making an EFT payment and which must be communicated to the Data Collection Center or be provided in the TXP Banking Convention addenda record of an ACH Credit Transaction.
- (18) "Payor" means the taxpayer.
- (19) "Payor Identification Number" means a confidential code assigned to each taxpayer which uniquely identifies the payor and allows the payor to communicate payment information to the Data Collection Center.
- (20) "Selection Period" means any 12 consecutive month period on which a determination is made regarding a taxpayer's EFT status.
- (21) "Settle" means a deposit of good funds into the State's bank account.

- (22) "Settlement Day or Date" means the day an EFT transaction settles.
- (23) "Taxpayer" means any taxpayer required to remit an amount by electronic funds transfer. For the purpose of the rules in this Section, "taxpayer" includes any individual, firm, partnership, joint venture, association, corporation, estate, trust, business trust, receiver, syndicate, or other group or combination acting as a unit and includes any political subdivision, municipality, bureau, state agency, and institution within the University of North Carolina system. The term "taxpayer" does not include, local school boards and community colleges.
- (24) "Tax Type" means a tax which is subject to EFT, each of which shall be considered a separate category of payment.
- (25) "Trace Number" means the verification number provided by the Data Collection Center upon receipt of all payment information from the payor which uniquely identifies the completed communication of payment information.
- (26) "Treasurer" or "State Treasurer" means the Treasurer of the State of North Carolina.
- (27) "TXP Format" means the standard CCD+ Addenda record format to be used in ACH Credit transactions approved by Banker's EDI Council of the National Automated Clearing House Association and the Federation of Tax Administrators. This format is required by the Department when a taxpayer is afforded the ACH Credit payment method.
- (28) "Wire Transfer" means an instantaneous electronic funds transfer generated by the taxpayer to the State Treasurer. (i.e. Fedwire or Bankwire)

*History Note:* Authority G.S. 105-241; 105-262;  
 Eff. October 1, 1993;  
 Amended Eff. June 1, 2007; November 1, 1994.

**17 NCAC 01C .0504 WHEN PAYMENT BY EFT IS REQUIRED**

- (a) Certain Corporations. -- A corporation that makes its federal estimated corporate income tax payments by EFT must make its State estimated corporate income tax payments by EFT. A corporation that makes its federal estimated corporate income tax payments by EFT must obtain an EFT registration form and submit it to the Department.
- (b) Other Taxpayers. -- A taxpayer who pays in a selection period at least two hundred forth thousand dollars \$240,000 of a tax that is reported on a quarterly, monthly, or more frequent basis must pay that tax by EFT when the Department notifies the taxpayer of this requirement. The Department must notify a taxpayer by first class mail sent to the last address of record. When notified, the taxpayer must complete an EFT registration form and begin making payments by EFT by the date set by the Department. That date must be at least 60 days after the date of the notice.
- (c) Assistance. -- The Department must provide technical assistance to taxpayers required to pay taxes by EFT. The Department must have an EFT hotline available to taxpayers each business day from 8:00 a.m. to 5:00 p.m. Eastern Standard Time. A State holiday is not a business day.

*History Note:* Authority G.S. 105-163.40; 105-241; 105-262;  
 Eff. October 1, 1993;  
 Amended Eff. May 1, 1995; March 1, 1995; November 1, 1994;  
 Temporary Amendment Eff. December 20, 1995;  
 Amended Eff. July 1, 2000; April 1, 1997; October 1, 1996.

**17 NCAC 01C .0505 EFT IDENTIFICATION AND NOTIFICATION PROCEDURES**

- (a) The Department shall review at least annually the payment histories of taxpayers during a selection period, on a tax type by tax type basis, to determine if the taxpayer shall be required to make payments through EFT. If the taxpayer was not previously required to make payments for the tax type using EFT, a determination shall be made to determine if the taxpayer shall be required to make payments for the tax type using EFT. If the taxpayer was previously required to make payments using EFT, a determination shall be made to determine if the taxpayer shall continue to be required to make payments for the tax type using EFT.
- (b) The Department shall determine which taxpayers are liable for making remittances by EFT and notify said taxpayers at least 60 days prior to the first day of the month in which the first payment becomes due.
- (c) The Department shall provide the taxpayer directly or through its financial institution or Data Collection Center the following information:
  - (1) Guidelines as to when and how payments must be transferred.

- (2) Registration forms to provide information necessary to establish an EFT account with the Department and Data Collection Center.
  - (3) Information regarding the State's depository for ACH Credit transfers if the taxpayer is approved for credit transfers.
- (d) The Department shall notify any taxpayer no longer required to remit by electronic means 30 days prior to the due date of the first non-EFT payment. To withdraw from the EFT Program, a taxpayer shall notify the Department in writing he or she no longer wishes to continue remitting payments electronically within 30 days of the Department's notification. A taxpayer who fails to furnish a letter of withdrawal shall be presumed as participating on a voluntary basis and shall be subject to the same rules and guidelines as taxpayers subject to the remittance provisions of 17 NCAC 1C .0504.
- (e) The Department shall not notify a taxpayer whose status has not changed.
- (f) A taxpayer shall remit via EFT for a minimum of one year following the determination of the requirement unless the taxpayer can demonstrate that the payment level during the 12 month selection period was atypical and that future payments will be less than the threshold for that tax type.

*History Note:* Authority G.S. 105-241; 105-262;  
 Eff. October 1, 1993;  
 Amended Eff. May 1, 1995.

**17 NCAC 01C .0506 VOLUNTARY EFT PROGRAM PARTICIPATION**

- (a) Eligibility. -- A taxpayer who is not required to pay a tax by EFT may make its payments of that tax by EFT with the approval of the Secretary. A taxpayer who wants to pay a tax by EFT must submit an EFT registration form to the Secretary and must receive notice from the Secretary that the registration has been approved. The Department's process is not currently designed to accept all payments by EFT. Some tax types and payment amounts will not be approved for payment by EFT.
- (b) Period. -- A taxpayer who receives approval to pay a tax by EFT must make its payments of that tax by EFT for a minimum of 12 consecutive months. A taxpayer may stop making its tax payments by EFT after 12 months by giving the Department at least 45 days written notice.
- (c) Duties. -- A taxpayer who receives approval to pay a tax by EFT is subject to the same requirements as a taxpayer who is required to make tax payments by EFT. The penalties in G.S. 105-236(1a) and (1b) apply to a taxpayer who voluntarily makes tax payments by EFT.

*History Note:* Authority G.S. 105-241; 105-262; 105-236;  
 Eff. October 1, 1993;  
 Amended Eff. March 1, 1995; November 1, 1994;  
 Temporary Amendment Eff. December 20, 1995;  
 Amended Eff. July 1, 2000; July 1, 1998; March 1, 1997; October 1, 1996.

**17 NCAC 01C .0507 REGISTRATION OF EFT TAXPAYERS**

(a) The taxpayer shall complete and return the registration form by the specified date to the Department. Taxpayer information provided with the registration form shall be recorded by the Department and provided to the Data Collection Center for taxpayers using the Debit method of payment. The information required to be provided with the registration form includes the following:

- (1) Taxpayer name;
- (2) Taxpayer address;
- (3) Federal identification number;
- (4) Tax type;
- (5) Account number;
- (6) Contact person (title, address, telephone number, and fax number);
- (7) Bank name;
- (8) Bank address;
- (9) Bank transit/routing number;
- (10) Bank account number;
- (11) Input method;

- (12) Signature of person authorized to sign checks.
- (b) Upon receipt of taxpayer information from the Department for taxpayers using the ACH Debit method, the Data Collection Center shall assign a payor identification number to the taxpayer which will be used by the taxpayer to communicate payment information to the Data Collection Center. The identification number shall be provided to the taxpayer at least seven days prior to the date the first required payment is due under the EFT program.
- (c) The Data Collection Center and its employees shall be bound by the same confidentiality requirements as the Department under G.S. 105-259.
- (d) The Department shall provide a taxpayer who is approved for the ACH Credit method of payment information regarding State's depository institution.
- (e) A taxpayer must provide at least a 30 day written notice to the Department of any change of information required by the registration form.

*History Note:* Authority G.S. 105-241; 105-259; 105-262;  
Eff. October 1, 1993;  
Amended Eff. November 1, 1994.

### **17 NCAC 01C .0508 METHODS OF ELECTRONIC FUNDS TRANSFER**

- (a) The ACH Debit payment method is the preferred method used by taxpayers to make payments for a tax type via EFT.
- (b) The ACH Credit payment method is available to taxpayers with permission of the Department. The taxpayer must demonstrate a valid operational reason for using the ACH Credit payment method in lieu of the ACH Debit method and demonstrate the ability to meet all the criteria of the Department.
- (c) The Department may revoke the right of a taxpayer to use the ACH Credit method of payment if the taxpayer:
- (1) does not consistently transmit error free payments;
  - (2) varies from the requirements and specifications of the rules in this Section;
  - (3) repeatedly fails to make timely EFT payments or provide timely payment information;
  - (4) repeatedly fails to provide the addenda record with the EFT payment as required by 17 NCAC 01C .0511.
- (d) Wire transfer is not an EFT payment option available to taxpayers. Wire transfer shall be used only on an emergency basis with prior authorization by the Department.
- (e) The Department of State Treasurer's Core Banking System (CB\$) is available to state agencies and institutions within the University of North Carolina system to make tax payments to the Department electronically.

*History Note:* Authority G.S. 105-241; 105-262;  
Eff. October 1, 1993;  
Amended Eff. June 1, 2007.

### **17 NCAC 01C .0509 EFT PAYMENT PROCEDURES**

- (a) Initiating Transfer. -- Taxpayers who are required to remit tax payments through EFT must initiate the transfer so that the amount due settles into the Department's bank account on or before the due date under the appropriate General Statute. If a tax due date falls on a Saturday, a Sunday, or a legal holiday, the deposit by electronic funds transfer is required on or before the first banking day thereafter. If the date on which the taxpayer is required to initiate either an ACH Debit or an ACH Credit transfer (call-in day) falls on a Saturday, Sunday, or a holiday, the taxpayer must initiate the transaction on the preceding business day.
- (b) ACH Credit. -- If a taxpayer is approved for the ACH Credit payment method, the taxpayer is responsible for ensuring the bank originating the transaction has the information necessary for timely completion of the transaction. Further the taxpayer is responsible for the correct completion of the transaction. The taxpayer must provide the information necessary for the bank to complete the NACHA CCD+ entry with the TXP Banking Convention addenda record.
- (c) Effect on Filing Requirements. -- The EFT method of payment does not change the filing requirements for tax reports and returns. It is a substitute, however, for filing a tax payment coupon, such as an NC-5 for withholding tax payments or a CD-429 for corporate estimated income tax payments. It is also a substitute for a payment requirement for which no payment coupon is used, such as the payment requirement imposed on companies by G.S. 105-116 and G.S. 105-120 for the first two months of each calendar quarter. Late EFT payments are subject to the penalty in G.S. 105-236 for failure to pay a tax when due and are subject to any other applicable penalties.

*History Note:* Authority G.S. 105-236; 105-241; 105-262;  
Eff. October 1, 1993;  
Amended Eff. July 1, 2000; November 1, 1994.

**17 NCAC 01C .0510 EFT PAYMENT PROCEDURES - ACH DEBIT METHOD**

(a) The taxpayer shall initiate an ACH Debit transfer of funds by contacting the Data Collection Center and communicating payment information, including zero payments. Communication of payment information with the Data Collection Center may be accomplished by the following methods:

- (1) Terminal communication of payment information via a computer terminal or personal computer via modem; or
- (2) Touch-tone communication of payment information made by entering data via the dial pad of a touch tone phone; or
- (3) Voice communication via telephone.

(b) The taxpayer must report payment information to the Data Collection Center no later than 3:45 p.m., Eastern Standard Time, on the call-in day. The Department shall bear the cost of processing EFT payments by the ACH Debit method through the Data Collection Center.

(c) After establishing contact with the Data Collection Center, the taxpayer may communicate payment information for more than one tax type or tax period. However, the taxpayer must initiate payment information for each tax type and for each tax period for which a payment is due. The following payment information is required:

- (1) Payor identification number;
- (2) Tax type;
- (3) Tax period end date;
- (4) Payment type (Tax, Penalty, and Interest);
- (5) Payment amount.

(d) The Data Collection center shall receive the information provided by the taxpayer and furnish the taxpayer with a trace number. The trace number provides a means of verifying the accuracy of the recorded tax payment and serves as a receipt and audit trail for the transaction.

(e) Successful completion of the call to the Data Collection Center shall fulfill the taxpayer's obligation for initiating an ACH Debit transaction.

(f) In the event a taxpayer using the ACH Debit method communicates payment information to the Data Collection Center after 3:45 p.m., Eastern Standard Time, on the business day before the due date, the payment shall be posted to the taxpayer's account on the next business day following the due date and shall constitute late payment.

*History Note:* Authority G.S. 105-241; 105-262;  
Eff. October 1, 1993.

**17 NCAC 01C .0511 EFT PAYMENT PROCEDURES - ACH CREDIT METHOD**

(a) Taxpayers granted permission to use the ACH Credit method must contact their financial institution and make the necessary arrangements to transfer payments to the State Treasurer on or before the due date. The taxpayer shall bear the cost of ACH Credit transaction.

(b) To assure timely receipt of payment of tax, a taxpayer must initiate the transaction with its financial institution in time for the payment to be deposited on the settlement date to the State Treasurer on or before the appropriate due date.

(c) All ACH Credit transactions shall utilize the NACHA CCD+ entry with a TXP Banking Convention addenda record. The TXP Banking Convention addenda record must include the following:

- (1) Taxpayer's identification number;
- (2) Tax type code;
- (3) Tax period end date;
- (4) Payment type (Tax, Penalty and Interest);
- (5) Amount of payment.

(d) The Department assumes no responsibility for payments until and unless the payment has been credited to the Department's designated account in its financial institution.

*History Note:* Authority G.S. 105-241; 105-262;

*Eff. October 1, 1993.*

**17 NCAC 01C .0512 EFT PAYMENT PROCEDURES - WIRE TRANSFERS**

- (a) Taxpayers who are unable to initiate a timely payment of tax through the ACH Debit method or the ACH Credit method due to circumstances beyond their reasonable control may request the Department's permission to transmit payments of tax to the Department's account via wire transfer.
- (b) Prior to initiating the transmission, the taxpayer must contact the Department through the EFT Hotline. The taxpayer must present the emergency situation which prevents timely compliance under the ACH method for which they are approved and request approval to wire transfer the tax payments in question to the Department's account.
- (c) Taxpayers who are granted approval to use wire transfer as an exception to either the ACH Debit method and ACH Credit method shall be given specific instructions regarding the format of the O.B.I. field record and the payment information that must accompany the wire transfer.
- (d) The Department shall not bear the cost of initiating a wire transfer.
- (e) Wire transfers which are not received by the Department on or before the due date of the transmitted payments of tax shall constitute late payment.

*History Note: Authority G.S. 105-241; 105-262;  
Eff. October 1, 1993.*

**17 NCAC 01C .0513 EFT PAYMENT TRANSMISSION ERRORS**

- (a) If a taxpayer does not make a correct payment for a particular period, such taxpayer shall, on the nearest business day to the date on which the error was discovered, notify the Department through the EFT Hotline.
- (b) If the taxpayer error involves an overpayment, the taxpayer may either elect to have the overpayment applied against the liability for the next reporting period or apply for a refund under the provisions of the applicable tax statute.
- (c) If the taxpayer error involves an underpayment, the taxpayer must make arrangements to initiate payment for the amount of the underpayment.

*History Note: Authority G.S. 105-241; 105-262;  
Eff. October 1, 1993.*

**17 NCAC 01C .0601 APPROVAL REQUIRED FOR SUBSTITUTE FORMS**

Process -- The Department prepares forms for taxpayers to use in reporting and paying taxes. The forms are designed to be able to be processed accurately and efficiently on the Department's processing equipment. A company that wants to reproduce a form of the Department for use by a taxpayer must meet the requirements of the Department before it does so. These requirements include obtaining from the Department a vendor number and the technical specifications for the form, submitting to the Department a draft of the substitute form for approval, and receiving a letter from the Department stating that the draft substitute form submitted complies with the Department's requirements. The person at the Department to contact to obtain approval of a substitute form is the Department's Forms Coordinator.

*History Note: Authority 105-252; 105-262;  
Eff. April 1, 1999;  
Amended Eff. July 1, 2000.*

**SECTION .0700 - ELECTRONIC FILING OF RETURNS**

**17 NCAC 01C .0701 ELECTRONIC FILING OF RETURNS**

A taxpayer may file a tax return with the Department of Revenue electronically only when the Department has established and implemented procedures permitting electronic filing of a specific tax return. A return may be filed electronically only by using the procedures established by the Department for the particular return.

*History Note:* Authority G.S. 105-262;  
Eff. March 1, 2006.

**17 NCAC 01C .0702 ELECTRONIC SIGNATURE**

The name and identification number of the taxpayer shall constitute the taxpayer's signature when transmitted as part of a tax return filed electronically by the taxpayer or at the taxpayer's direction.

*History Note:* Authority G.S. 105-262;  
Eff. March 1, 2006.