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NEWS RELEASE

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For Immediate Release

U.S. Treasury and Illinois Department of Revenue Announce First in the Nation Federal-State Tax Payment Pilot

Jan. 11, 2007, Chicago — Illinois business taxpayers are the first in the nation to be able to pay state withholding and federal taxes at the same time through a single system, the U.S. Department of the Treasury's Financial Management Service (FMS) and the Illinois Department of Revenue announced today.

While the Electronic Federal Tax Payment System (EFTPS), a free service from Treasury, has been available for all federal tax payments for more than 10 years, the pilot with Illinois marks the first time state withholding taxes also may be paid via EFTPS (www.eftps.com).

EFTPS, developed by the Internal Revenue Service (IRS) and FMS, is the world's largest tax collection service. It allows individuals, small-business owners and tax preparers to pay all federal taxes — including income, employment, excise and 1040 quarterly estimated tax payments — electronically. EFTPS offers a variety of payment methods, including the Internet, a telephone voice response system and desktop software.

Since its inception, EFTPS has processed more than \$15 trillion and 630 million electronic transactions. However, most small businesses continue to pay federal withholding taxes by check and Federal Tax Deposit (FTD) coupons. The state of Illinois ranks fifth in the nation in FTD coupon usage, with 1,685,870 coupons processed in calendar year 2005.

The pilot's goal is to encourage even more taxpayers to enroll in and use EFTPS when the service can be used to pay both state withholding and federal taxes. Likewise, Illinois wishes to examine whether making EFTPS available for state taxpayers will improve the efficiency of the state tax collection system. Results of the pilot will be used to help Treasury determine whether to expand this service to other states and to add other state taxes for payment through EFTPS.

“Treasury's goal is to collect federal receipts timely, at the lowest cost, and through an all-electronic process,” said Don Hammond, Treasury's fiscal assistant secretary. “We welcome this partnership with the Illinois Department of Revenue and are pleased that Illinois shares our commitment to provide taxpayers with an effective, secure means of managing their taxes electronically.”

“With record numbers of Americans turning to electronic tax filing, there is a growing demand for additional electronic means of interacting with government,” said Brady Bennett, deputy commissioner of the IRS Small Business/Self-Employed division. “This state pilot is an important step in streamlining the process for small businesses, easing the time needed by Illinois business owners to meet their tax requirements and allowing them to focus more on key business operations.”

“The state of Illinois is dedicated to assisting our taxpayers,” said Illinois Department of Revenue Director Brian Hamer. “We’re excited about the opportunity to make life easier for small businesses by partnering with Treasury to provide ‘one-stop shopping’ for payment of state withholding and federal taxes.”

The Illinois Chamber also announced its support of the pilot program and appeared at the pilot’s launch event in Chicago.

Using EFTPS makes good business sense for taxpayers. It provides:

- Peace of mind. Taxpayers receive immediate confirmation that instruction for a payment was received.
- Confidence. EFTPS users are 31 times less likely to be assessed a penalty for errors or late payments than non-EFTPS users.
- Convenience. EFTPS is available 24 hours a day, year-round, and live customer representatives are available to answer questions.
- Control. EFTPS allows taxpayers to plan ahead and schedule the exact time they wish to make payments.

To enroll in EFTPS, please visit www.eftps.com.

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