



IRS Nationwide Tax Forum | 2020

Electronic Payments and Direct Deposits - New Options



Upon completion, you will:

- Gain awareness of a new electronic payment platform for the IRS
- Have a better understanding of the benefits of using direct deposit and electronic payment options
- Be aware of the demographics generating paper refunds and reasons why

Electronic Payments - Faster, more efficient,
less fraud and new options

An Introduction: The Transforming Tax Collections Initiative



Transforming Tax Collections (T2C)

- T2C is a new initiative to **deliver a modernized service** and platform for tax collections on behalf of the US Treasury
- The goal of T2C is to deliver a modern, reliable and user-friendly tax collections service that includes **business process improvements and technology improvements** beyond today's EFTPS.
- In 2019, the US Department of the Treasury's Bureau of Fiscal Service awarded the Federal Reserve Bank of Cleveland a role comprised of developing, implementing, and operating the new service, in partnership with Fiscal Service and the IRS.

Transforming Tax Collections (T2C)

- This new service:
 - Supports the IRS Vision
 - Is set to both modernize and transform the world's largest tax collection system, EFTPS
 - Will be delivered in phases, with an expected completion date of late 2024

The Case for Modernization

- As EFTPS aged, it has experienced a series of **critical pain points** driving the need for a more modern system
 - High-level pain points include: delay in PIN receipt, difficulty managing multiple accounts, confusion over numerous channels, etc.
- **Citizens are demanding more** and have higher expectations around technology trends, including: rapid functionality and authentication, easy-to-use interfaces, omnichannel access and more
- T2C will address these concerns and modernize electronic tax collections – improving customer experience, building in a more robust infrastructure and a more nimble architecture, and driving down operating costs

T2C: Core Business Objectives

- Deliver **secure, resilient, and reliable** electronic collection of taxes
- Deliver **core tax payment functionality** in 2022, enabling the retirement of EFTPS and transition in 2023 with zero tax disruption
- **Improve user experience** with federal collections, driven by a user-centric design approach across channels and partners
- **Reduce operational costs** of collecting tax payments
- **Deliver new functionality** of the highest priority

T2C: Current Project Detail

Critical strategic program questions will be prioritized and addressed during the current phase of work, which include, but are not limited to:

- How will T2C plan for, and communicate, regarding user migration?
- Will T2C rebrand EFTPS?
- What is the IRS & T2C integrated fraud strategy?
- How are all customers best reflected in the design and development of T2C?



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Electronic Payments

Go electronic, it's
safer and faster!

Electronic Payment Options

[IRS.gov/payments](https://www.irs.gov/payments) is where electronic payment options are located.
Including:

- Electronic Funds Withdrawal - Available when filing electronically
- Bank Account (Direct Pay) - A secure online service to pay taxes due for Form 1040 series, estimated taxes or other associated forms directly from your checking or savings account for free
- Payment Providers (Debit Card, Credit Card and Digital Wallet)
- Electronic Federal Tax Payment System (EFTPS)
- Cash at a retail partner (7-Eleven, Ace Cash Express, Casey's General Store)



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Electronic Refunds

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Benefits of Direct Deposit Refunds

- Saves Americans money
- Faster than paper checks
- Less prone to theft and fraud
- No threat of physical mishandling
- Cannot be lost or destroyed
- Will not be delayed for disaster and other weather related events affecting mail delivery
- Minimizes refund issues (e.g. undeliverable refund)
- Will not go uncashed
- Easier to locate when a refund trace is initiated

Why a Paper Refund?

- Habit
- Personal preference
- Lack of trust
- Unbanked
- Routing & account number unavailable
- Foreign bank accounts
- IRS process requires a paper check

Who Receives a Paper Check?

- E-files with a Paid Preparer
- Single filers
- AGIs under \$50K
- Refunds below \$1,500
- Between the ages 18-25 or over 65

Paper Refund Issues

- Over a two year period, more than 2 million paper refunds went uncashed, totaling \$1.2 billion.
 - Each year, almost 700,000 of these refunds were under \$50
- Last year there were over 70,000 refund traces initiated on paper refunds

Resource Information

Electronic Payment Options
[Easy Ways to Pay My IRS Taxes](#)

Direct Deposit Resources
[IRS YouTube videos can help taxpayers with their taxes](#)
[Direct Deposit for Your Tax Refund](#)