

ALERTS AND UPDATES

IRS Changes Payment Procedure for Private Foundation Excise Taxes, Effective January 1, 2011

December 31, 2010

The U.S. Internal Revenue Service has [issued regulations](#), effective January 1, 2011, that discontinue the use of paper coupons for federal tax deposits (IRS Form 8109) for private foundation excise tax deposits. Starting January 1, 2011, such payments instead must be made through the Electronic Federal Tax Payment System (EFTPS).

The EFTPS system is the electronic funds transfer system used by the U.S. Department of the Treasury to collect federal tax deposits. Private foundations must provide bank account and routing information, which is then used by the Treasury Department to electronically withdraw the tax payment from such account. Private foundations, if not currently enrolled in EFTPS, may want to act promptly to transfer their current paper coupon payment function to the EFTPS payment system.

For privacy reasons, as well as to protect foundation assets from inadvertent errors, private foundations may choose to create a separate escrow account for payments that will be made using the EFTPS system. Certain tax service firms and accounting firms may handle these electronic tax payment responsibilities on behalf of private foundations.

In addition to the deposits for private foundation excise taxes, the regulations also apply to other types of tax payment deposits, including corporate taxes, FICA taxes and withheld income taxes, taxes withheld on nonresident aliens and foreign corporations, and estimated tax payments for certain trusts with corporate trustees.

About Duane Morris

Duane Morris provides to its clients EFTPS payment services.

For Further Information

If you would like more information about this topic or your own unique situation, please contact any of the [attorneys](#) in the [Estates and Asset Planning Practice Group](#) or the attorney with whom you are regularly in contact.

As required by United States Treasury Regulations, you should be aware that this communication is not intended by the sender to be used, and it cannot be used, for the purpose of avoiding penalties under United States federal tax laws.

Disclaimer: This Alert has been prepared and published for informational purposes only and is not offered, or should be construed, as legal advice. For more information, please see the firm's [full disclaimer](#).