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DiracTax Offers Standardized Method Of Paying All Taxes

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Over the years, many tax professionals and CPAs have moved beyond general forms preparation, adding tax planning and other related services to their client offerings. This also includes the final part of the compliance process for many clients: remittance of federal, state and other jurisdictional taxes.

With significant penalties awaiting small business owners if they err in either filing or are late in paying assessed taxes, these business people and their financial consultants are always on the lookout for ways to make all aspects of the compliance process reliable and accurate.

As a result, even before the later 1990s when many taxing jurisdictions mandated electronic filing and remittances for many businesses and tax professionals, these professionals started using various electronic methods to not only file, but also to pay the taxes of their clients. Initially, each of the taxing entities created their own electronic payment systems, with little standardization between the systems, thus causing confusion for many multi-jurisdictional entities.

The Electronic Federal Tax Payment System (EFTPS) was soon developed by the government to provide a singular method of making some of these payments, but some agencies still held on to their unique methods: from requiring specially

formatted documents to wiring of funds and even necessitating phone calls. And taxing authorities at the state and local level were even more disparate.

In 1997, however, a company called DirecTax (www.directax.com) developed a system that enabled accountants and small businesses to pay virtually all tax obligations through a single interface. Developed by a former payroll professional, DirecTax automates tax payments to these various agencies, including the ability to schedule payments to occur on a future date.

The system uses consistent Windows screens with data entry performed in fields that resemble a check. The system opens to a screen from which the user, whether the small business owner or accountant, selects the taxed entity, the tax type, the tax period ending date, the payment amount and other information from pull-down selection lists. DirecTax then automatically enters the banking information that the user has set up to pay that type of obligation, and enters the recipient of that tax type (IRS, state, federal/state agency) in the “pay to the order of” section of the check.

After reviewing the completed “virtual check,” the user can then either save the file or click the transmit button, which automatically schedules an EFT of the designated amount and transmits all other required information (EIN, TIN, PIN, corp. data) to the taxing agency. During setup of the system, DirecTax collects all of the information that will be needed to file payments with the various entities, so when it comes time to make payments, the information is automatically completed, dramatically streamlining and simplifying the process.

DiracTax provides the tax agency receipt number for verification that the payment has been made and maintains an unlimited history file that enables the user to print reports of any or all tax payments made to state and federal taxing authorities. The company also guarantees that payments will be made on time or they will assume responsibility for any interest or penalties that may be assessed.

Pricing for the system is based on the number of companies represented, with discounts to professionals making tax payments for multiple companies. One company costs \$9.95 per month; two to 25 companies cost \$7.95 each; 26 to 50 cost \$6.95 each. Further discounts are available for higher numbers of payers. The flat monthly fee allows an unlimited number of payments for each unique EIN/TIN.

A complete list of taxes that can be paid via DirecTax is available at www.directax.com/taxes.asp.

Article

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