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IRS is ending the Federal Tax Deposit penalty refund program. Businesses receiving a penalty for a late FTD for any quarter after January 1, 2007, will no longer be eligible for an FTD penalty refund.

Your last chance to be part of this program will end on December 31, 2006. To participate, and receive the one time penalty refund, you must fully pay a late FTD penalty for a quarter ending on or before December 31, 2006, and you must enroll in the Electronic Federal Tax Payment System. Further, you must complete four full quarters of federal tax deposits using EFTPS by March 31, 2008.

IRS will “look back” for up to four quarters prior to when you started using EFTPS for your federal tax deposits. If you have no other outstanding tax liabilities, the FTD penalty will be refunded. However, if you have outstanding tax liabilities, the refund will first be applied to those liabilities and the excess, if any, will be refunded. The refund will be automatically generated; you will not have to request the refund.

IRS will automatically determine which employers have achieved the four quarters of EFTPS compliance. Other than enrollment in EFTPS, no other action by the employer is necessary.

Enroll in [EFTPS](#) today and enjoy the many other benefits EFTPS has to offer such as 24/7 customer service, receiving an acknowledgement number for every payment and the ability to review all your electronic payments made within the last 16 months.

Paying and filing taxes electronically decreases paper handling, reduces costs and improves accuracy and product quality. The system is secure, fast and helps reduce penalties.