

Automating Your Levy and Garnishment Payment Process

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Using the New NACHA-Approved Third Party Payment Addenda

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TXP- Tax Payment Addenda

- FTA's first payment standard 1990
- States needed taxpayer data in the electronic payment in order to match the payment to the return
- Taxpayers and service providers needed a standardized payment format across all states
- TXP addenda format was developed and is now widely utilized



Third Party Payment (TPP) Initiative

- Colorado DOR and TPP Initiative
- Recognized a common issue for all states
- Needed information in payment for both the payer (business) AND the taxpayer on whose behalf the payment was being made
- CO contacted FTA in 2011 to propose a new standard: the TPP or Third Party Payment banking addenda format



TPP Format Development

- Colorado created initial straw man format using TXP and DED (child support) formats
- TPP contains information on both the payer and the taxpayer
- Presented to states for feedback and approval via FTA; TIGERS group assisted in formatting and in X12 submission and 2013 NACHA approval process
- Useful for garnishment (assigned FTA Tax Type Code 209)



Using TPP

- "If It Ain't Broke, Don't Fix It!"
- Continue to use TXP for taxpayer data in the electronic payment in order to match the payment to the return
- Use TPP for Garnishments

Using TPP

- **Status**
 - Ever Changing
 - Wisconsin, Connecticut, Minnesota and Colorado - in production (Live)
 - Alabama, District of Columbia, Iowa Kansas, Louisiana, Montana, South Carolina and Utah - in progress
 - ADP and Paycheck - in production
 - Ceridian - in progress
- **Goal**
 - ID a national point of contact for large employers and banks; and ID 3rd party bank service providers

Using TPP

- FTA, NACHA and Industry encourage states to use TPP for garnishments
- TPP User Guide - NACHA Website
- Communicate state interest in participation with end-users and financial institutions
- In Production? Announce via State Tax Change Portal
 - <http://www.nachataxportal.org/>



Food for Thought

- Complete the Transaction Cycle
 - A standard outbound transaction (levy/attachment for an employer or bank) would be natural (optional segment) addition to the TIGERS XML Financial Transaction
- Stay Tuned
- Questions