



Tax Payment (TXP) Banking Convention

A Guide for Formatting Electronic Tax Payments

NACHA's Banker's EDI Council

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PREFACE

The Tax Payment (TXP) Banking Convention was prepared by the Bankers EDI Council of the National Automated Clearing House Association (NACHA), in cooperation with the Federation of Tax Administrators (FTA) and the Committee on State Taxation (Cost), to provide a standard format for businesses to electronically remit tax payment information with tax payments to state taxing authorities via the Automated Clearing House (ACH) Network using the NACHA CCD+ format. The convention, approved by the Bankers EDI Council on March 7, 1990, has since been adopted by county, city and municipal taxing authorities for their electronic tax payment programs. This publication was revised in December 2012 to update contact information; no changes to the TXP format were made.

Subsequent to the approval and adoption of the Tax Payment (TXP) Banking Convention, it was submitted to the Accredited Standards Committee (ASC) X12 of the American National Standards Institute (ANSI) for development as a data segment. This banking convention, as it applies for use within the Addenda Record of the CCD+ format, was approved and published as the Tax Payment (TXP) Data Segment for use within Table 2 of the ASC X12 Payment Order/Remittance Advice (820) Transaction Set. The availability of the TXP Data Segment as an X12 standard enables taxing authorities to offer business taxpayers an option to remit tax payments and payment information via the ACH Network using the 820 Transaction Set conveyed within the Addenda Records of the CTX format.

In anticipation of the launch of the Electronic Federal Tax Payment System (EFTPS), slight modifications were made to the Tax Payment (TXP) Banking Convention and Data Segment in 1995 in order to support Federal tax reporting needs. These enhancements were such that the data elements (fields) TXP04, TXP06 and TXP08—Amount Type, as identified in the Tax Payment (TXP) Banking Convention; Tax Information ID Number , as identified in the Tax Payment (TXP) Data Segment under ASC X12 standards (3060 Subrelease 1)—could accommodate longer code strings. These code values, which are defined by taxing authorities for internal financial processing purposes, qualify the Tax Amount(s) reported in data elements (fields) TXP05, TXP07 and TXP09, respectively. State taxing authorities typically use a one-character code in these data elements. The reporting requirements of EFTPS necessitated the expansion of the field sizes of these data elements for the Federal implementation of the convention.

This solution, arrived at through the cooperative efforts of the financial services industry, taxing authorities and the EDI standards development community, allows business taxpayers to use the same data structure to electronically remit tax payments and information to Federal, state and local taxing authorities. This approach serves the goals of operational and processing efficiency, ease of implementation and support, and the acceptance of national standards for electronic data interchange (EDI). It should be noted that some taxing authorities may have modified this convention for their implementation purposes. Taxpayers should confirm the use of the Tax Payment (TXP) Banking Convention as herein published with the taxing authorities to which they are originating tax payments.

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TAX PAYMENT BANKING CONVENTION (TXP)

I. PURPOSE & SCOPE

The Tax Payment (TXP) Banking Convention contains the format, definitions and implementation suggestions for businesses to electronically remit tax payments and information to taxing authorities via the Automated Clearing House (ACH) Network using the CCD+ format. This method allows the business taxpayer to transmit an ACH credit payment with remittance detail in a single transaction. This document addresses the use of the Tax Payment (TXP) Banking Convention within the CCD+ format, but does not detail the use of the Tax Payment (TXP) Data Segment within the ASC X12 Payment Order/Remittance Advice (820) Transaction Set for transmission using the NACHA CTX format.

II. BACKGROUND

Since its approval in 1990, the Tax Payment (TXP) Banking Convention has been adopted by the majority of state and many local taxing authorities as the standard for businesses to electronically remit tax payment information in a CCD+ transaction. Through the Electronic Federal Tax Payment System (EFTPS) and its prototype, TAXLINK, the Federal Government has established a nationwide program for the collection of tax revenue and has incorporated this convention for business tax payments originated by ACH credit using the CCD+ format. The acceptance of ACH credit and alternative payment methods, such as ACH debit and wire transfer (e.g., Fedwire), are determined by the individual taxing authorities. Criteria for the type of taxes that can or must be paid electronically and any other requirements or mandates for participation are established by the taxing authorities.

Used in the state and Federal tax payment arenas, EDI and EFT technologies in general and the Tax Payment (TXP) Banking Convention in particular are increasingly being embraced by county, city and municipal taxing authorities. As the relative cost of technology continues to decrease and more organizations implement automated solutions, the importance of compliance with national standards increases so that all participants may be able to maximize their realization of benefits from EDI and EFT.

III. NACHA RECORD FORMATS

The rules and guidelines governing the formats, specifications and exchange of ACH entries are published by NACHA. NACHA is also responsible for developing and maintaining NACHA endorsed banking conventions. With respect to the data that are contained in the Addenda Records of ACH formats, the *NACHA Operating Rules* stipulate the type of data that may be exchanged as well as which standards and formats are permitted, but the structure of the data contents is managed outside of the NACHA rules.

For example, the *NACHA Operating Rules* permit the exchange of NACHA-endorsed banking conventions within the Addenda Record of the CCD+ format. Also, the *Rules* permit the exchange of certain EDI messages or transaction sets (e.g., 820 Payment Order/Remittance Advice) within the Addenda Records of the CTX format and X12 syntax-based data segments within the Addenda Records of the CCD+ and PPD+ formats, but those standards are developed and maintained by other standards development organizations, such as ASC X12 and UN/EDIFACT.

The following record formats are used to convey entries through the ACH Network:

- File Header Record
- Company/Batch Header Record
- Entry Detail Record
- Addenda Record
- Company/Batch Control Record
- File Control Record

An ACH file is enveloped by one File Header Record and one File Control Record, which serve to facilitate transmission, identification and balancing of the file. A file may be comprised of one or more batches, which are denoted by the Company/Batch Header Record and Company/Batch Control Record. These records carry information specific to all of the Entry Detail Records contained within that batch. A batch may contain one or more Entry Detail Records that share certain aspects as explained in the *NACHA Operating Rules*. The Entry Detail Record is the record that constitutes the payment order and is used within the banking

system to execute EFT and settlement. An Addenda Record is used to supply additional information related to the payment issued in the Entry Detail Record. Each Addenda Record includes an 80 position Payment Related Information Field within which this remittance detail is transmitted.

The CCD and CTX payment formats are used within the ACH Network to conduct the transfer of funds between business or government entities. To transmit data with payments, Addenda Records are used in conjunction with the payment formats. Under the *NACHA Operating Rules*, a CCD format may be accompanied by only one Addenda Record, which may carry X12 data segments or elements or NACHA-endorsed banking conventions. A CCD entry accompanied by an Addenda Record is referred to as a CCD+. The CTX format allows for the provision of 9,999 Addenda Records, which may be used to carry certain X12 transaction sets or UN/EDIFACT messages in their entirety.

The NACHA record formats for CCD+ entries flow in the following order:

File Header Record

Company/Batch Header Record

Entry Detail Record

Addenda Record (1 addenda with 80 byte Payment Related Information Field)

Entry Detail Record

Addenda Record (1 addenda with 80 byte Payment Related Information Field)

Entry Detail Record

Addenda Record (1 addenda with 80 byte Payment Related Information Field)

Entry Detail Record

Addenda Record (1 addenda with 80 byte Payment Related Information Field)

Company/Batch Control Record

File Control Record

Following are the layouts for the NACHA Entry Detail and Addenda Records used with the CCD+ format. To obtain a full explanation of the rules, specifications and formats for the ACH Network, refer to the *NACHA Operating Rules*.

CCD ENTRY DETAIL RECORD

FIELD	1	2	3	4	5	6	7	8	9	10	11
DATA ELEMENT NAME	RECORD TYPE CODE	TRANSACTION CODE	RECEIVING DFI IDENTIFICATION	CHECK DIGIT	DFI ACCOUNT NUMBER	AMOUNT	IDENTIFICATION NUMBER	RECEIVING COMPANY NAME	DISCRETIONARY DATA	ADDENDA RECORD INDICATOR	TRACE NUMBER
<i>Field Inclusion Requirement</i>	M	M	M	M	R	M	O	R	O	M	M
<i>Contents</i>	'6'	Numeric	TTTTAAA	Numeric	Alphameric	\$\$\$\$\$\$\$c	Alphameric	Alphameric	Alphameric	Numeric	Numeric
<i>Length</i>	1	2	8	1	17	10	15	22	2	1	15
<i>Position</i>	01-01	02-03	04-11	12-12	13-29	30-39	40-54	55-76	77-78	79-79	80-94

CCD ADDENDA RECORD

FIELD	1	2	3	4	5
DATA ELEMENT NAME	RECORD TYPE CODE	ADDENDA TYPE CODE	PAYMENT RELATED INFORMATION	ADDENDA SEQUENCE NUMBER	ENTRY DETAIL SEQUENCE NUMBER
<i>Field Inclusion Requirement</i>	M	M	O	M	M
<i>Contents</i>	'7'	'05'	Alphameric	Numeric	Numeric
<i>Length</i>	1	2	80	4	7
<i>Position</i>	01-01	02-03	04-83	84-87	88-94

IV. TAX PAYMENT (TXP) BANKING CONVENTION SPECIFICATIONS

Data formatted in compliance with the Tax Payment (TXP) Banking Convention is conveyed in the 80 position Payment Related Information Field of the single Addenda Record comprising the CCD+ format. This convention is referred to as the Tax Payment (TXP) Data Segment under ASC X12 syntax and is composed of the following fields or data elements:

- Segment Identifier
- Tax Identification Number (Taxpayer Identification)
- Tax Payment Type Code (Tax Type Code)
- Date (Tax Period End Date)
- Tax Information ID Number (Amount Type)
- Tax Amount
- Tax Information ID Number (Amount Type)
- Tax Amount
- Tax Information ID Number (Amount Type)
- Tax Amount
- Taxpayer Verification

Each of these fields is referred to as a data element, which is the smallest named item in a record. In some cases, a data element is referred to by two names. One may be its official, generic name assigned under X12 standards and the second may be a commonly used reference given by practitioners for implementation purposes. A data element can represent a qualifier, a value, or text. A data element has three primary attributes—length, field requirement, and type.

Each data element is identified by an element identifier used for reference (e.g., TXP01 - Taxpayer Identification Number, TXP02 - Tax Payment Type Code, etc.) and each element has a specific position within the record (segment). In constructing the convention or segment, each data element (except for the first) is preceded by the separator character and the last data element is immediately followed by a terminator to indicate the end of the data segment. In the ACH Network, banking conventions employ an asterisk (“*”) as the data element separator and a backslash (“\”) as the terminator. A data segment or convention always begins with the Segment Identifier (e.g., TXP).

NOTE: Effective September 20, 2013, the tilde (“~”) will be added as a valid data segment terminator, in addition to the backslash (“\”), for all NACHA endorsed banking conventions.

The following is an example of the Tax Payment (TXP) Banking Convention as used in the Payment Related Information field of the Addenda Record:

TXP*tax identification number*tax payment type code*date*tax information ID number*tax amount*tax information ID number*tax amount*tax information ID number*tax amount*taxpayer verification

Note the use of the asterisk (“*”) and backslash (“\”).

Data elements in a convention or data segment are either mandatory or optional. Data elements that are not mandatory as defined by the standard may be omitted. The omission of an optional element is noted by the placement of an asterisk in the place of that element. For example,

TXP*tax identification number*tax payment type code*date*tax information ID number*tax amount***taxpayer verification**

Also, if an optional data element is the last data element in the convention and that field is not being used, the preceding asterisk is replaced by the backslash. For example, if the Taxpayer Verification is omitted from the convention, as is the case for Federal tax payments, it would look like this:

TXP*tax identification number*tax payment type code*date*tax information ID number*tax amount*tax information ID number*tax amount*tax information ID number*tax amount

Following are the Tax Payment (TXP) Banking Convention implementation specifications for state and Federal tax payments. In both cases, the taxing authorities are using the same field constructs; however, the data element or field length may vary. As indicated previously, the CCD+ conveys a single Addenda Record consisting of an 80 position field within which payment related information is mapped. In the Federal Government’s implementation of the TXP convention for EFTPS, it does not use the Taxpayer Verification (TXP10). By doing so, it is able to accommodate longer code values in the Amount Type (Tax Information ID Number) in data elements TXP04, TXP06 and TXP08 and stay within the 80 byte limit. The use of the separator (‘*’) between data elements allows EDI translators to programmatically identify the end of one field and the beginning of the next.

According to EDI standards, a data element has a minimum and maximum length, within which boundaries the data must comply. Certain data elements may have a logical size from which the data content cannot deviate. Users of the standards (e.g., taxing authorities) adopt them in accordance with the syntax rules, but have the ability to implement them to meet their business needs (e.g., tax payment processing). The data element minimum and maximum lengths as published herein reflect the size as implemented by these taxing authorities, which comply within the ranges as established by ASC X12 standards.

The Tax Payment (TXP) Banking Convention can accommodate up to three payment amounts, the sum of which must equal the amount indicated in the CCD+ Entry Detail Record, if the taxing authority is employing this convention as published. If more than three amount iterations are needed to report subcategories, another CCD+ must be generated.

Tax Payment (TXP) Banking Convention: State Implementation

Data Element Reference Designator & Name		Content	Attributes		
			1	2	3
	Segment Identifier	‘TXP’	M		
TXP01	Taxpayer Identification Number	XXXXXXXXXXXXXXXXXX	M	AN	1/15
TXP02	Tax Payment Type Code	XXXXX	M	ID	1/5
TXP03	Tax Period End Date	YYMMDD	M	DT	6/6
TXP04	Amount Type (Tax Information ID Number)	X	M	ID	1/1
TXP05	Tax Amount	\$\$\$\$\$\$cc	M	N2	1/10
TXP06	Amount Type (Tax Information ID Number)	X	O	ID	1/1
TXP07	Tax Amount	\$\$\$\$\$\$cc	C	N2	1/10
TXP08	Amount Type (Tax Information ID Number)	X	O	ID	1/1
TXP09	Tax Amount	\$\$\$\$\$\$cc	C	N2	1/10
TXP10	Taxpayer Verification	XXXXXX	O	AN	1/6

Tax Payment (TXP) Banking Convention: Federal (EFTPS) Implementation

Data Element Reference Designator & Name		Content	Attributes		
			1	2	3
	Segment Identifier	‘TXP’	M		
TXP01	Taxpayer Identification Number	XXXXXXXXXX	M	AN	9/9
TXP02	Tax Payment Type Code	XXXXX	M	ID	1/5
TXP03	Tax Period End Date	YYMMDD	M	DT	6/6
TXP04	Amount Type (Tax Information ID Number)	XXXXX	M	ID	1/5

TXP05	Tax Amount	\$\$\$\$\$\$cc	M	N2	1/10
TXP06	Amount Type (Tax Information ID Number)	XXXXXX	O	ID	1/3
TXP07	Tax Amount	\$\$\$\$\$\$cc	C	N2	1/10
TXP08	Amount Type (Tax Information ID Number)	XXXXXX	O	ID	1/3
TXP09	Tax Amount	\$\$\$\$\$\$cc	C	N2	1/10
TXP10	Taxpayer Verification	(Not used).			

The column headings used on the charts are as follows:

- **Data Element Reference Designator & Name** - identify the data element
- **Content** - defines the data element
- **Attributes** - are defined as follows

1. **Field Requirement** - The first column of the attributes is the field requirement for that data element. An ‘M’ denotes a mandatory element, an ‘O’ denotes an optional element, and a ‘C’ denotes a conditional element -- one for which the use is dependent on the presence of another immediately preceding element.

2. **Data Type** - The second column of the attributes specifies the field data type.

‘AN’ denotes a string type data element. Contents of string data elements are a sequence of letters, digits, spaces and/or special characters (with the exception of the asterisk and backslash). The contents must be left-justified. Trailing spaces should be suppressed unless they are necessary to satisfy a minimum length requirement.

‘DT’ denotes a date type data element. Format for the date is YYMMDD. YY is the last two digits of the year (00-99), MM is the numeric value of the month (1-12), and DD is the numeric value of the day (1-31).

‘ID’ denotes an identifier data element from a pre-defined list of values.

‘N2’ denotes a numeric type data element with two decimal places to the right of a fixed, implied decimal point. The decimal point is not transmitted. For example, the amount \$5000.00 would appear as *500000*. It is intended that this number will always be positive for the Tax Payment (TXP) Banking Convention when used in conjunction with an ACH credit.

3. **Length** - The third column of the attributes signifies the minimum/maximum use of an element. This specifies the minimum and maximum length of a particular field. For example, 1/6 indicates that this data element must be at least one character, but not more than six.

V. DATA ELEMENT DEFINITIONS

TXP01 Tax Identification Number (Taxpayer Identification)

The Tax Identification Number contains the taxpayer’s identification number as assigned by the taxing authority. This is the nine-digit Employer Identification Number (EIN) for Federal tax payments.

TXP02 Tax Payment Type Code (Tax Type Code)

The Tax Payment Type Code is used to identify the type of tax being paid. Code values for state tax payments are maintained by the Federation of Tax Administrators (FTA) and Federal codes are maintained by the Internal Revenue Service (IRS).

TXP03 Date (Tax Period End Date)

The Date is used to indicate the end date for the tax period for which the payment is being made. The tax due date is information that can be derived from knowing which tax is being paid and what period is being covered by the payment. For Federal tax payments, the tax payer supplies only MMY while the convention requires YYMMDD. Always use '01' for the day of the month for EFTPS. This is the tax period ending of the IRS Return for which the liability is being paid in YYMMDD format.

TXP04 Tax Information ID Number (Amount Type)

The Tax Information ID Number is used to identify the type of amount that immediately follows. The code values for this data element for state tax payments, which include 'T' for Tax, 'I' for interest, 'P' for Penalty, 'S' for State, 'L' for Local, and 'C' for City, are maintained by the Federation of Tax Administrators (FTA). Federal codes are maintained by the Internal Revenue Service (IRS). For EFTPS, this data element is used for tax breakdown by subcategory (for 941 or CT-1) or IRS Number (for 720 or 720M). For all other Federal tax types, repeat the Tax Payment Type Code from TXP02.

TXP05 Tax Amount

The Tax Amount represents the amount of tax liability owed and/or paid. This is the only amount value that is required. If no subsequent amounts are reported in data elements TXP07 and TXP09, the amount value reported in TXP05 must equal the amount value contained in Field 6 of the CCD Entry Detail Record. The amount should always include cents (\$\$\$\$\$\$cc).

TXP06 Tax Information ID Number (Amount Type)

The Tax Information ID Number is used to identify the type of amount that immediately follows. The code values for this data element for state tax payments, which include 'T' for Tax, 'I' for interest, 'P' for Penalty, 'S' for State, 'L' for Local, and 'C' for City, are maintained by the Federation of Tax Administrators (FTA). Federal codes are maintained by the Internal Revenue Service (IRS). For EFTPS, this data element is used for tax breakdown by subcategory (for 941 or CT-1) or IRS Number (for 720 or 720M), if applicable. This data element is optional, but if it is used TXP07 is required.

TXP07 Tax Amount

The Tax Amount represents the amount of tax liability owed and/or paid. This amount value is optional, but must be used if TXP06 is present. If no subsequent amount is reported in data element TXP09, the total amount value reported in the convention (TXP05 + TXP07) must equal the amount value contained in Field 6 of the CCD Entry Detail Record. The amount should always include cents (\$\$\$\$\$\$cc).

TXP08 Tax Information ID Number

The Tax Information ID Number is used to identify the type of amount that immediately follows. The code values for this data element for state tax payments, which include 'T' for Tax, 'I' for interest, 'P' for Penalty, 'S' for State, 'L' for Local, and 'C' for City, are maintained by the Federation of Tax Administrators (FTA). Federal codes are maintained by the Internal Revenue Service (IRS). For EFTPS, this data element is used for tax breakdown by subcategory (for 941 or CT-1) or IRS Number (for 720 or 720M), if applicable. This data element is optional. If it is used, TXP09 is required.

TXP09 Tax Amount

The Tax Amount represents the amount of tax liability owed and/or paid. This amount value is optional, but is required if TXP08 is used. The total amount value reported in the convention (TXP05 + TXP07 + TXP09) must equal the amount value contained in Field 6 of the CCD Entry Detail Record. The amount should always include cents (\$\$\$\$\$\$cc).

TXP10 Taxpayer Verification

The Taxpayer Verification is an optional data element that may be used by the receiver to verify the taxpayer's identity. TXP10 is not used for Federal tax payments in the EFTPS program.

VI. EXAMPLES

The following examples are provided to illustrate the implementation of the Tax Payment (TXP) Banking Convention and are not intended to depict all cases nor those that apply to all tax payments made for a specific tax type. Refer to the Federation of Tax Administrators and Internal Revenue Service for tax code values for state and Federal tax payments, respectively.

1. State Implementation Using All Data Elements

TXP*123456789*606*960331*T*100000*P*12000*I*4567*SML2A\

Tax Identification Number	123456789
Tax Payment Type Code	606 (Sales & Use Tax)
(Tax Period End) Date	March 31, 1996
Tax Amount	\$1000.00 (T)
Tax (Penalty) Amount	\$120.00 (P)
Tax (Interest) Amount	\$45.67 (I)
Taxpayer Verification	SML2A

2. State Implementation Using One Tax Amount (No Penalty or Interest)

TXP*12345678934*526*960930*T*100000****SML2A\

Tax Identification Number	12345678934
Tax Payment Type Code	526 (Withholding Tax)
(Tax Period End) Date	September 30, 1996
Tax Amount	\$1000.00 (T)
Taxpayer Verification	SML2A

3. Federal (EFTPS) Implementation, Employer's Tax

TXP*123456789*94105*960301*1*10000*2*5000*3*15000\

Tax Identification Number	123456789
Tax Payment Type Code	941 (941 = 94105, 94107 or 94104)
(Tax Period End) Date	March 1, 1996 (9603 = 960301)
Tax Amount	\$100.00 (1) Social Security
Tax Amount	\$50.00 (2) Medicare
Tax Amount	\$150.00 (3) Withholding

4. Federal (EFTPS) Implementation, Railroad Retirement & Unemployment Return

TXP*123456789*10007*961201*1*10000*2*5000*3*15000\

Tax Identification Number	123456789
Tax Payment Type Code	10007 (CT1 = 10005 or 10007)
(Tax Period End) Date	December 1, 1996 (9612 = 961201)
Tax Amount	\$100.00 (1) FICA
Tax Amount	\$50.00 (2) Industry
Tax Amount	\$150.00 (3) Supplemental

5. Federal (EFTPS) Implementation, Excise Tax or Monthly Excise Tax

TXP*123456789*72005*961201*14*10000*16*5000*20*15000\

Tax Identification Number	123456789
Tax Payment Type Code	72005 (720 = 72005 or 72007; 720M = 07207)
(Tax Period End) Date	December 1, 1996 (9612 = 961201)
Tax Amount	\$100.00 (14) IRS Number
Tax Amount	\$50.00 (16) IRS Number
Tax Amount	\$150.00 (20) IRS Number

6. Federal (EFTPS) Implementation, Employer's Unemployment Tax (No Subcategories)

TXP*123456789*09405*961201*09405*30000\

Tax Identification Number	123456789
Tax Payment Type Code	09405 (940 = 09405, 09407 or 09404)
(Tax Period End) Date	December 1, 1996 (9612 = 961201)
Tax Amount	\$300.00 (Amount Type = TXP02; 09405)

VII. SOURCES OF INFORMATION

The following organizations serve as valuable sources of information on EDI, EFT and/or electronic tax payments:

- NACHA, The Electronic Payments Association, www.nacha.org
- Data Interchange Standards Association, Inc. (DISA), www.disa.org
- Federation of Tax Administrators (FTA), <http://www.taxadmin.org/>
- U.S. Treasury, Financial Management Service (FMS), <http://www.fms.treas.gov/index.html>
- Independent Bankers Association of America (IBAA), <http://www.icba.org/>
- Association of Financial Professionals (AFP), <http://www.afponline.org/>