



IN THE BUSINESS OF YOUR SUCCESS<sup>SM</sup>



LEGISLATIVE UPDATE

## Eye on Washington

# NEW IRS DISCLOSURE REQUIREMENTS FOR REPORTING AGENTS

On July 26, 2012, the Internal Revenue Service (IRS) released Revenue Procedure 2012-32, which sets out requirements for Reporting Agents and Reporting Agent Authorization forms (IRS Form 8655). Form 8655 allows an employer to designate a Reporting Agent, such as ADP, to sign and electronically file Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return; Form 941, Employer's Quarterly Federal Tax Return, as well as to make federal tax deposits electronically via the Electronic Federal Tax Payment System (EFTPS).

### Background

Revenue Procedure 2012-32 added a new requirement in Section 5.05 to require that Reporting Agents notify their clients in writing on at least a quarterly basis that an Authorization does not eliminate the taxpayer's liability for the failure to file employment tax returns or remit employment taxes.

The statement must also recommend that the taxpayer use the IRS EFTPS system to periodically confirm that the Reporting Agent has timely made all required deposits, and advise that state tax authorities may offer similar verification programs. Notices should explain how to enroll in EFTPS, at [www.eftps.gov](http://www.eftps.gov), or by calling (800) 555-4477. The statement must be provided when the Reporting Agent enters into a contract for services with an employer, and at least quarterly thereafter.

This statement may be provided electronically, either as a stand-alone communication or as a conspicuous element of other communications. If provided as an element of other communications, the notice should have its own heading or caption, or otherwise be set apart from other text, and should be labeled as "important tax information".

This disclosure statement has long been a best practice among large payroll service organizations, which collaborated with the American Payroll Association and other industry associations, as well as the IRS Taxpayer Advocate, the U.S. Department of the Treasury, IRS and congressional tax-writing committees to require such disclosures in IRS rules.

The disclosure serves an important function in reminding employers to be cautious in the selection and monitoring of any service provider entrusted with the administration of federal taxes. It also advises employers how to register with the IRS EFTPS to electronically and securely view the employer's tax account to verify that tax deposits are in fact being remitted in full and on time.

Revenue Procedure 2012-32 supersedes Revenue Procedure 2007-38 and is effective November 19, 2012. Reporting Agents must comply with Revenue Procedure 2012-32 and other applicable IRS guidance in providing tax payment and reporting services to clients.

### About ADP

ADP is committed to assisting businesses with increased compliance requirements resulting from rapidly evolving legislation. Our goal is to minimize your administrative burden across the entire spectrum of payroll, tax, HR and benefits, so that you can focus on running your business. Neither the content nor the manner in which this notice is presented reflects the thoughts or opinions of ADP or its employees. This notice is provided as a courtesy to our clients, to assist in understanding the impact of certain regulatory requirements, and should not be construed as tax or legal advice. Such information is by nature subject to revision and may not be the most current information available. ADP encourages interested readers to consult with appropriate legal and/or tax advisors. Please be advised that calls to and from ADP may be monitored or recorded.

Contact your local ADP client service team if you have any questions regarding our services or call 1-800-CALL-ADP.