



Enjoy the convenience,
flexibility, and rewards
of your credit cards



Questions and Answers on
Paying Your Taxes
by Credit Card

Pay online at
www.officialpayments.com
or call 1-800-2PAY-TAXSM
(1-800-272-9829)

PAYMENT SERVICES PROVIDED BY:



www.officialpayments.com

With Official Payments, your clients can pay their government taxes and fees using a credit card over the Internet: www.officialpayments.com or by telephone: 1-800-2PAY-TAXSM (1-800-272-9829). Charging taxes allows taxpayers to take advantage of card reward programs, payment flexibility, convenience and safety. A convenience fee is charged by Official Payments based on the transaction amount. The payer is notified of this fee before any payment is completed. Federal business taxpayers may be able to deduct the fee as a business expense (check with your tax adviser). Federal tax deposit payments cannot be paid through this service.

Official Payments partners with the IRS, 26 states plus the District of Columbia, and more than 2,200 local and municipal governments across all 50 states. For the sixth consecutive year, Official Payments, along with participating credit card companies, the IRS and 26 state governments, will actively be marketing the credit card option for Tax Season 2006. Outlined below are some questions and answers your clients may ask you.

QUESTIONS AND ANSWERS ON PAYING YOUR TAXES BY CREDIT CARD

Q. Who is Official Payments?

A. Official Payments is the leading provider of electronic payment options for federal, state and local government agencies. Official Payments makes it possible for citizens to pay their government taxes and fees, using their credit cards, via the Internet (www.officialpayments.com) or the telephone (toll-free, 1-800-2PAY-TAX). In 2005, Official Payments processed 2.9 million transactions representing over \$2.2 billion in federal, state and local tax payments.

Q. What federal tax payments can I make thru Official Payments using my credit card?

A. Official Payments accepts Federal Individual Balance Due (Form 1040), Quarterly Estimated (Form 1040ES), Extension Payments (Form 4868), Delinquent Tax Payments, Installment Payments, Prior Year Payments, and Trust Fund Recovery Penalty Payments. Taxpayers can also pay their Federal business taxes thru Official Payments, including Unemployment (Form 940), Quarterly Employment (Form 941), and Annual Employment (Form 944).

Q. Can I pay my state tax obligations using Official Payments?

A. Official Payments accepts state tax payments in 26 states including AL, AR, AZ, CA, CT, GA, IA, IL, IN, KS, LA, MD, MN, MS, NE, NJ, NY, OH, OK, OR, PA, RI, VA, WA, WI, WV plus DC. In addition, Official Payments accepts payments for property and real estate taxes, utility bills, parking and traffic citations, as well as a variety of business taxes.

Q. What states can I use Official Payments to pay my business taxes?

A. Official Payments accepts business taxes in 24 states including AL, AR, AZ, CA, GA, IA, IL, IN, KS, LA, MD, MN, MS, NE, NJ, NY, OH, OK, PA, RI, VA, WA, WI, WV plus DC.

Q. What's the advantage of using Official Payments?

- A. The service makes paying government taxes and fees more convenient in many ways:
1. Faster payment via phone or Internet—no writing and mailing checks
 2. Flexibility to pay credit card balances over time
 3. Rewards for your government payments from card issuers that carry such programs
 4. Comfort of knowing your payment has been made through a trusted, secure service provider, Official Payments, authorized by the IRS to collect government obligations since 1999

Q. What cards does Official Payments accept?

A. American Express, MasterCard, Visa, and Discover cards are accepted. However, not all cards are accepted for all payment types. The cards that are accepted will be identified when you make your payment.

Q. Why should I elect to use this system?

A. In paying government taxes and fees with a credit card, consumers gain control of the payment. Consumers can pay their tax or fee over time, on their own schedule. Paying by credit card may provide consumers with use of their money for an additional 30 to 60 days, depending upon the credit card billing cycle.

Example:

A small business owner has a total tax bill of \$5,000. He has \$1,000 in the bank on April 15, but expects \$6,000 cash inflow on April 30. The small business owner can apply for a short-term loan of \$5,000 and begin immediately paying interest, or he can call Official Payments at 1-800-2PAY-TAX or visit www.officialpayments.com to charge his tax payment and pay his bill 1-2 months later. For a nominal convenience fee, the owner was able to avoid the hassle of applying for and paying interest on a short-term loan, devoting more time to his business and earning card rewards.

Q. How do I earn reward points?

A. Depending on the nature of the card's reward program, taxpayers can earn points, miles or money back for the tax payments they charge. The value of the reward can exceed the cost of any convenience fee incurred. For specific information on your card's reward program, contact your card issuer directly using the number listed on the back of your card.

Example:

A couple living in New York were planning an anniversary trip to Hawaii. They paid their taxes online at www.officialpayments.com using their frequent-flyer credit card. They earned over 60,000 rewards points which they used to purchase two airplane ticket upgrades. Now they can start their trip in style by flying first class.

Q. Why is there a convenience fee and why am I paying for this?

A. Official Payments charges a convenience fee for processing the payment transaction. By law government agencies are not allowed to levy a convenience fee. The fee is not charged by or paid to the government agency. The convenience fee is assessed to cover the costs associated with servicing thousands of card transactions as well as additional operating expenses.

You will be informed of all charges and fees before you authorize the payment. You may calculate the exact fee online at https://www.officialpayments.com/pc_feeec.jsp

When a taxpayer uses the service, two line items will appear on their credit card bill. One is for the tax, fee, or fine owed to the government and the other is for the convenience fee charged by Official Payments.

Q. How safe is Official Payments' system?

A. The system has been tested and proven. The IRS and more than 2,200 state and local governments have chosen Official Payments as an electronic service provider for their constituents. The information gathered is private and will not be forwarded to anyone.

Q. What information will I need to have available to make a payment?

A. Making a payment with Official Payments is fast, easy, and secure. You will need the following pieces of information to complete a transaction over the Internet or by telephone:

- Taxpayer ID (primary social security number)
- Balance due amount (in whole dollars) calculated on the tax return
- 16 digit card number
- Card expiration date
- Zip Code where monthly card statement is mailed
- Daytime phone number

Q. Will I receive a confirmation of my payment?

A. Yes. You will be provided a confirmation number at the end of the payment transaction. This confirmation number and your card statement will provide confirmation of your payment to the government agency. When making payments over the Internet at www.officialpayments.com, a digital receipt and e-mail confirmation will be issued if you choose to provide your e-mail address.

Q. How can I be sure that my payment was processed correctly?

A. 48 hours after you use Official Payments' automated system to pay your taxes you can call toll-free 1-877-297-7457 Option #3 or visit www.officialpayments.com to verify your payment. You will need your payment amount and confirmation number to process your inquiry.

Q. Who do I call if my payment doesn't appear on my card statement?

A. Call Official Payments Customer Service toll-free at 1-877-754-4420.

Q. Where can I get additional information on the electronic payment services offered by Official Payments?

A. You can obtain additional information on Official Payments and the various services offered at www.officialpayments.com.