Missouri Department of Revenue
Tax Filing Change

The Missouri Department of Revenue (MDR) has mandated that beginning January 1, 2004, all employers who are registered as quarterly/monthly (weekly) filers of Missouri employer withholding tax begin filing electronically. The department will accept two methods for electronic filing and payment: 1) Credit Method – Automated Clearing House (ACH) – via your bank, the money is sent to the MDR's bank account, and 2) Debit Method – Internet Filing – via the Internet you have the MDR retrieve the money from the district's bank account. Refer to the details below to determine which method you prefer.

Credit Method – Automated Clearing House

This method allows employers to send their tax payment to the MDR via direct deposit through the bank. If you already have employees and/or payees utilizing direct deposit, you will only need to change the Payee information (see steps below). For those districts that do not currently utilize direct deposit on the system, you will need to complete several steps (including a pre-note) before using this method. See the "Checklists: Payroll Direct Deposit Setup Checklist" topic in the Help File for detailed information.

1. From the Payroll screen, select the **Maintenance** menu and then **Payees**.
2. At the Payees screen, enter the ID of the payee for your Missouri Department of Revenue in the Payee ID field, or click the **down-arrow** button or the **Find** button to select the correct one.
3. Click the Miscellaneous tab and modify the direct deposit information as follows:
   a. Select the Direct Deposit field. A checkmark will appear in the box if the field is selected.
   b. Enter in the account number of the payee's checking account (**8600500**) in the Account Number field.
   c. Enter the standard transaction number of **22** in the Direct Deposit Transaction Code field.
   d. Enter the ID for the payee's bank in the Direct Deposit Bank ID field, or click the **down-arrow** button to select the correct one. If the ID is not known or to add a new bank at this time, press the **Ctrl+F** keys to access the search feature. The correct routing number for MDR is **086507174** so if you do not already have a bank established with this routing number, add one at this time.
   e. Enter the addenda information exactly as shown below except replace the 12345678 with your Missouri Integrated Tax System (MITS) ID Number and enter either 0115A for those filing a MO-941 (monthly, quarterly, and annual filers) or 0115P for those filing a MO-941P (quarter-monthly/weekly filers).
      TXP*12345678*0115P*EOM6*T*AMOUNT
4. Click the **Save** button.

5. During a Payroll check cycle, a direct deposit stub will print for the Department of Revenue (instead of a regular check), and the deposit amount will be added to your direct deposit file that is forwarded to the bank.

Debit Method – Internet Filing

This method is similar to the way you file your Federal Income Taxes. Via the Internet, you will tell the MDR which bank account number (routing number and account number) to take the money from along with how much money to withdraw for payment. To record this information on the system, you have three different options of how to setup payroll.

Option 1--Use a Payee Check:

All checks will be made payable to the school district and will be deposited to the school's General Fund checking account.

1. Add a payee for the school district in the Payee File.
2. Enter the ID for the new payee in the Payee ID field in the Tax File for State Income Tax.
3. During the Payroll check cycle, a check will be written from each checking account to the school district for the appropriate amounts for the State taxes.
4. Deposit the checks into the General Fund checking account to offset the Internet transfer. **Do not enter these checks as cash receipts in the computer.**

Option 2--Manual Journal Entries:

With this method, manual journal entries are made to record the Internet payment. This method provides an entry to record the reference number that may be received from MDR for the payment transaction as an audit trail.

1. The Payee field in the Tax File should be blank for State Income Tax.
2. During the Payroll check cycle, the amount calculated for State taxes will remain in the specified payable accounts in General Ledger.
3. Enter a manual journal entry after filing the taxes via the Internet. The manual journal entry should credit the cash account and debit the State taxes payable accounts for their share of the total payment.

    Tip: Refer to the State tax amounts under the Adjustment column on the Payroll Register - Totals or Payroll Register - Totals Combined report. Be sure to compare these figures with the amounts in the appropriate payable accounts on the Balance Sheet.

Option 3--Automatic Payment Stub:

With this method, an automatic payment stub will be printed for the total amount of the State taxes payment during the Payroll check cycle, and the entries to credit the cash account and debit the payable accounts will automatically be posted as part of the normal Payroll entries.

1. Add a payee called SIT Payment in the Payee File, and set up the payee for automatic payment by selecting the Automatic Payment field.
2. Enter the ID for the new payee in the Payee ID field in the Tax File for State Income Tax.
3. During the Payroll check cycle, an automatic payment stub will print for the appropriate amount for the State taxes.

For more information on Internet filing, please visit MDR's site at the following address:

http://www.dor.mo.gov/tax/business/payonline.htm