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to the delay. The burden is on the financial institution to establish, pursuant to the procedures in § 203.13, that it did not cause or contribute to the delay.

§ 203.13 Appeal and dispute resolution.

(a) *Contest.* A financial institution may contest any interest assessed under § 203.12 or any late fees assessed under § 203.17. To do so, the financial institution must submit information supporting its position and the relief sought. The information must be received, in writing, by the Treasury officer or Fiscal agent identified in the procedural instructions, no later than 90 calendar days after the date the TSC debits the Federal reserve account of the financial institution under § 203.12 or § 203.17. The Treasury officer or Fiscal agent will make a decision to: Uphold, reverse, or modify the assessment, or mandate other action.

(b) *Appeal.* The financial institution may appeal the decision referenced in subsection (a) to Treasury as set forth in the procedural instructions. No further administrative review of Treasury's decision is available under this part.

(c) *Recoveries.* In the event of an over or under recovery of interest, principal, or late fees, Treasury will instruct the TSC to credit or debit the financial institution's reserve account.

Subpart C—PATAX

§ 203.14 Scope of the subpart.

This subpart applies to all TT&L depositories that accept FTD coupons and governs the acceptance and processing of those coupons.

§ 203.15 Tax deposits using FTD coupons.

A TT&L depository processing FTD coupons may choose to be designated as a retainer depository, an investor depository, or a collector depository. A TT&L depository that accepts FTD coupons through any of its offices that accept demand and/or savings deposits must:

(a) Accept from a taxpayer that presents an FTD coupon: cash, a postal money order drawn to the order of the depository, or a check or draft drawn

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on and to the order of the depository, covering an amount to be deposited as Federal taxes. A TT&L depository may accept, at its discretion, a check drawn on another financial institution, but it does so at its option and absorbs for its own account any float and other costs involved.

(b) Place a stamp impression on the face of each FTD coupon in the space provided. The stamp must reflect the date on which the TT&L depository received the tax deposit and the name and location of the depository. The IRS will determine whether the tax payment is on time by referring to the date stamped on the FTD coupon.

(c) Forward, each day, to the IRS Service Center serving the geographical area in which the TT&L depository is located, the FTD coupons for all FTD deposits received that day and a copy of the AOC reflecting the total amount of all FTD coupons.

(d) Establish an adequate record of all FTD deposits prior to transmitting them to 36 the IRS Service Center so that the TT&L depository will be able to identify deposits in the event the FTD coupons are lost in shipment. To be adequate, the record must show, at a minimum for each deposit, the date of the deposit, the taxpayer identification number, the amount of the deposit, the tax period ending date, the type of tax deposited, and the employer name. Alternatively, the TT&L depository may retain a copy of each FTD coupon forwarded to the IRS Service Center.

(e) On the business day following receipt of an FTD coupon, submit the AOC information electronically to the TSC.

(f) Not accept compensation from taxpayers for accepting FTDs and handling them as required by this section.

§ 203.16 Retainer and investor depositories.

(a) *Credit to TIP main account balance.* On the business day that the TSC receives an AOC from a retainer or investor depository, the TSC will credit the depository's TIP main account balance for the amount reported on the AOC unless there isn't sufficient capacity. In that case, any amount in excess of

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the capacity will be debited to the reserve account and credited to the TGA.

(b) *Late delivery of AOC.* If an AOC does not arrive at the TSC before the designated cutoff time for receipt, the TSC will credit the amount of funds to the depository's TIP main account balance as of the date of receipt of the AOC. However, the date on which funds will begin to earn interest for Treasury is the next business day after the AOC date.

§ 203.17 Collector depositories.

(a) *Debit to reserve account.* On the business day that the TSC receives an AOC from a collector depository, the TSC will debit the depository's reserve account for the amount reported on the AOC and credit that amount to Treasury's account.

(b) *Late delivery of AOC.* If an AOC does not arrive at the TSC before the designated cutoff time on the first business day after the AOC date, an FTD late fee in the form of interest at the TT&L rate of interest will be assessed for each day's delay in receipt of the AOC. Upon the direction of Treasury, the TSC will debit the depository's reserve account for the amount of the late fee.

Subpart D—Investment Program and Collateral Security Requirements for TT&L Depositories

§ 203.18 Scope of the subpart.

This subpart governs the operation of the investment program, including the rules that TT&L depositories must follow in crediting and debiting TIP main account balances, SDI account balances, and TIO account balances, and pledging collateral security.

§ 203.19 Sources of balances.

A financial institution must be a collector depository that accepts term investments, an investor depository, or a retainer depository to participate in the investment program. Depositories electing to participate in the investment program can receive Treasury's investments in obligations of the depository from the following sources:

(a) FTDs that have been credited to the depository's TIP main account balance pursuant to subpart C of this part;

(b) EFTPS ACH credit and debit transactions, Fedwire® non-value transactions, and Fedwire® value transfers pursuant to subpart B of this part;

(c) Direct investments, SDIs, dynamic investments, and term investments pursuant to subpart D of this part; and

(d) Other excess Treasury operating funds.

§ 203.20 Investment account requirements.

(a) *Additions.* Treasury will invest funds in obligations of collector depositories that accept term investments, investor depositories, or retainer depositories. Such obligations will be in the form of open-ended interest-bearing notes, or in the case of term investments, interest-bearing notes maintained for a predetermined period of time, and additions and reductions will be reflected on the books of the TSC.

(1) *PATAX.* The TSC will credit the TIP main account balance as stated in § 203.16(a) for an investor or retainer depository processing tax deposits through PATAX.

(2) *EFTPS—(i) ACH debit and ACH credit.* The TSC will credit a depository's TIP main account balance, and credit the depository's reserve account if capacity exists, for the amount of EFTPS ACH debit and credit entries on the day such entries settle.

(ii) *Fedwire® value and non-value transactions.* The TSC will credit a depository's TIP main account balance if capacity exists, throughout the day on the day of settlement, for the amount of Fedwire® value and non-value transactions. In the case of Fedwire® value transactions, the depository's reserve account will also be credited.

(b) *Additional offerings.* Other funds from Treasury may be offered from time to time to depositories participating in the investment program through direct investments, SDIs, term investments, or other investment programs.

(c) *Withdrawals.* The amount of a TIP main account balance or SDI account balance is payable on demand without