depositary's reserve account, and credit to the TGA, any portion of a tax payment amount that would exceed the institution's available TIP main account balance capacity.

(2) For a collector depositary or a non-TT&L depositary financial institution using a Fedwire® non-value transaction, the TSC will debit the financial institution's reserve account for the Federal tax payment amount and credit that amount to the TGA on the day of the transaction.

(c) *Cancellations and reversals.* In addition to cancellations due to insufficient funds in the financial institution's reserve account, the FRB may reverse a same-day transaction:

(1) If the transaction:

(i) Is originated by a financial institution after the deadline established by Treasury in the procedural instructions;

(ii) Has an unenrolled taxpayer identification number; or

(iii) Does not meet the edit and format requirements set forth in the procedural instructions; or

(2) At the direction of the IRS, for the following reasons:

(i) Incorrect taxpayer name;

(ii) Overpayment; or

(iii) Unidentified payment; or

(3) At the request of the financial institution that sent the same-day transaction, if the request is made prior to the payment day deadline established by Treasury in the procedural instructions.

(d) Other than as stated in paragraph (c) of this section, Treasury is not obligated to reverse all or any part of a payment.

§ 203.12 EFTPS interest assessments.

(a) *Circumstances subject to interest assessments.* Treasury may assess interest on a financial institution in instances where a taxpayer that failed to meet a tax due date proves to the IRS that the delivery of Federal tax payment instructions to the financial institution was timely and that the taxpayer satisfied the conditions imposed by the financial institution pursuant to § 203.10(b). Treasury also may assess interest where a financial institution fails to respond to an ACH prenotification entry on an ACH debit as required under part 210 of this title, or fails to originate an ACH prenotification or zero dollar entry on an ACH credit at a taxpayer's request, which then results in a late payment.

(b) *Calculation of interest assessment.* Any interest assessed under this section will be at the TT&L rate of interest. Treasury will assess the interest from the day the taxpayer specified that its payment should settle to the Treasury until the day Treasury receives the payment, subject to the following limitations: for ACH debit transactions, interest will be limited to no more than seven calendar days; For ACH credit and same-day transactions, interest will be limited to no more than 45 calendar days. The limitation of liability in this paragraph does not apply to any interest assessment in which there is an indication of fraud, the presentation of a false claim, or misrepresentation or embezzlement on the part of the financial institution or any employee or agent of the financial institution.

(c) *Authorization to assess interest.* A financial institution that processes Federal tax payments made electronically under this subpart is deemed to authorize the TSC to debit its reserve account for any interest assessed under this section. Upon the direction of Treasury, the TSC will debit the financial institution's reserve account for the amount of the assessed interest.

(d) *Circumstances not resulting in the assessment of interest.* (1) Treasury will not assess interest on a taxpayer's financial institution if a taxpayer fails to meet a tax due date because the taxpayer has not satisfied conditions imposed by the financial institution pursuant to § 203.10(b) and the financial institution has not contributed to the delay. The burden is on the financial institution to establish, pursuant to the procedures in § 203.13, that the taxpayer has not satisfied the conditions and that the financial institution has not caused or contributed to the delay.

(2) Treasury will not assess interest on a financial institution if a taxpayer fails to meet a tax due date because the FRB or the TFA caused a delay and the financial institution did not contribute

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 depositaries that accept FTD coupons and governs the acceptance and processing of those coupons.

§ 203.15 Tax deposits using FTD coupons.

A TT&L depositary processing FTD coupons may choose to be designated as a retainer depositary, an investor depositary, or a collector depositary. A TT&L depositary 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 depositary, or a check or draft drawn on and to the order of the depositary, covering an amount to be deposited as Federal taxes. A TT&L depositary 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 depositary received the tax deposit and the name and location of the depositary. 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 depositary 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 depositary 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 depositary 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 depositaries.

(a) *Credit to TIP main account balance.* On the business day that the TSC receives an AOC from a retainer or investor depositary, the TSC will credit the depositary'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