

# Third-Party Bulk Filers

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**Withholding Fact Sheet 5**

Fact Sheet

This fact sheet explains the responsibilities for the withholding tax registration and filing requirements of third-party bulk filers. A third-party bulk filer—also known as a payroll service provider—is a person or company who has custody or control over another employer's funds for the purpose of filing returns and depositing taxes withheld.

## Responsibilities

As a third-party bulk filer you must do all of the following:

- Register for a withholding tax account with the Department of Revenue as a third-party bulk filer
- Electronically file clients' quarterly and annual returns, W-2s, 1099s, etc., timely and as required
- Electronically make deposits for clients timely and as required
- Electronically update client lists at least monthly
- Keep client funds in an account separate from your own funds
- Permit us to conduct scheduled or unscheduled audits
- Disclose in writing to potential clients that:
  - You may invest client funds and keep the earnings from those investments
  - If you incur losses on the investments, you are required to make tax deposits on behalf of your clients using your own funds
  - No state or federal agency assumes responsibility for the financial solvency of your business
- Provide us with a copy of any client contract upon request.

**If we determine that your continued business operation presents a risk of loss to your clients, we can suspend your registration and notify your clients of the suspension. We can also revoke your registration and/or assess a penalty if we determine you are not in compliance with the law.**

## How to Register as a Bulk Filer

Go to our website and choose **Business Center** under **For Businesses**. Select **Register for a Minnesota Tax ID Number**. You will indicate you are a third-party bulk filer during this registration process.

If you already have a Minnesota tax ID for other purposes, you must still register as a third-party bulk filer. Call 651-282-9999 or 1-800-657-3594 and tell them you are registering as a third-party bulk filer.

You must have the following information available:

- Federal ID number
- Name (legal and trade names)
- Address (street address of the business; mailing address, if different; and address for client account discrepancy notifications, if different)
- Phone number of the business and fax numbers, if available
- Social Security numbers, names and addresses of all company officers/owners
- Legal organization type

## If Your Client is Not Registered for Minnesota Withholding Tax

When you provide your electronic updated client lists, each client must have a valid Minnesota tax ID number. An employer with employees in Minnesota must apply for a Minnesota tax ID number by the date they first withhold Minnesota tax.

To register for a Minnesota tax ID number, go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and choose **Business Center** under **For Businesses** to select **Register for a Minnesota Tax ID Number**. or call 651-282-5225 or 1-800-657-3605 and tell them you are registering for a withholding tax account.

You must have the following client information available:

- Federal ID number
- Name (legal and trade names)
- Address (street address of the business; mailing address, if different; and address for client account discrepancy notifications, if different)

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- Phone number of the business and fax numbers, if available
- Social Security numbers, names and addresses of all company officers/owners
- Legal organization type

If your client already has a Minnesota tax ID number, they will need to activate the account for withholding tax by going to our website or by calling 651-282-5225 or 1-800-657-3605. **Your client should provide you with a copy of their confirmation letter.**

## How to Make Payments

All deposits (payments) must be made electronically over the Internet using e-Services. Use one of the following options to make a payment for your client:

- **Make a single payment (key and send):**  
Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and login to e-Services. Under the **I Want To** menu, select **Manage clients**. Then choose **Make a payment for an account I don't have online access to**.
- **Attach a payment file:**  
Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and login to e-Services. Under the **I Want To** menu, select **Manage clients**. Then choose **Upload a bulk file of payments**.

You will receive a confirmation number for each file received and a summary for each payment. The payment file summary will show:

- Payment information that appears to be error-free based on the figures provided
- Payment information with errors that need to be corrected and then resubmitted

## How to File Returns

All returns must be filed electronically over the Internet using e-Services. Use one of the following options to file a return for your client:

- **File a single return (key and send):**  
Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and login to e-Services. Under the **I Want To** menu, select **Manage clients**. Then choose **File a return**.
- **Attach a return file (spreadsheet format):**  
Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and login to e-Services. Under the **I Want To** menu, select **Manage clients**. Then choose **Upload a bulk file of returns**.

You'll receive a confirmation number for each file received, and a summary for each return accepted. The return file summary will indicate:

- Return information that appears to be error-free based on the figures provided
- Return information with errors that need to be corrected and then resubmitted

For file format information, go to our website and type **Withholding Tax File Formats** in the Search box.

## How to Update Client Lists

To access and update your client list, go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and login to e-Services. Under the **I Want To** menu, select **Manage clients**.

## How to Submit W-2 and 1099 Information

For instructions on how to electronically submit W-2 and/or 1099 information, see Withholding Tax Fact Sheet 2, *Submitting Form W-2 Information*, and Fact Sheet 2a, *Submitting Form 1099 Information*. After you submit your information, you will receive a confirmation number for each file received and a summary of the W-2 and/or 1099 information submitted.

## Demand Letters

Demand letters are sent to you and your client when returns are not filed by the required due date. Be sure your address and the address of your client are current. The first demand letter and the liquor posting letter are sent approximately five days after the due date of the return. The second demand letter is sent approximately 16 days after the due date of the return.

Generally, you may review your demand letters with the list of clients' missing returns in e-Services five days after the first demand letter is sent.

## Information and Assistance

Additional forms and information, including fact sheets and frequently asked questions, are available on our website.

Website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

Email: [withholding.tax@state.mn.us](mailto:withholding.tax@state.mn.us)

Phone: 651-282-9999 or 1-800-657-3594

This information is available in alternate formats.

## Internal Revenue Service

Website: [www.irs.gov](http://www.irs.gov) Phone: 1-800-829-4933