

Withholding Fact Sheet 5, Third-Party Bulk Filers

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.

What are my responsibilities?

As a third-party bulk filer, you must:

- Register for a withholding tax account with the Minnesota Department of Revenue as a third-party bulk filer
- Electronically file clients' quarterly and annual returns, W-2s, W-4MNs, 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

You cannot do any of the following as a third-party bulk filer:

- Set up Minnesota Tax ID Numbers for clients
- Update client addresses
- Request information outside of tax periods you are registered for

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. If we determine you are not in compliance with the law, we may revoke your registration, assess a penalty, or both.

How do I register as a third-party bulk filer?

If you have a Minnesota Tax ID Number, call 651-282-9999 or 1-800-657-3594 and tell us you are registering as a third-party bulk filer.

If you do not have a Minnesota Tax ID Number, go to www.revenue.state.mn.us and select **Register for a Tax ID** under **Businesses**. You will indicate you are a third-party bulk filer when you register.

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

How do I access and update my client list?

1. Go to www.revenue.state.mn.us and log in to e-Services.
2. Under your **Withholding Tax** account, select **Manage clients**.
3. Under **Manage Client List**, select **Add a Client**.

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What if my client is not registered for Minnesota Withholding Tax?

To add clients to your client list, they must have a Minnesota ID number and a withholding tax account.

If your clients do not have a Minnesota ID number, they can go to www.revenue.state.mn.us and select **Register for a Tax ID** under “Top Tasks” on the right.

Clients can add a withholding tax account 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 do I make payments?

You must make all deposits (payments) electronically 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 our website and log in to e-Services. Under your **Withholding Tax** account, select **Manage Clients**. Under **Manage Payments** select **Make a payment for another account**.
- Attach a payment file:
Go to our website and log in to e-Services. Under your **Withholding Tax** account, select **Manage Clients**. Under **Manage Payments** select **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 do I file returns?

You must file all returns electronically 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 and log in to e-Services. Under your **Withholding Tax** account, select **Manage clients**. Under **Manage Returns** select **File a return**.
- Attach a return file (spreadsheet format):
Go to www.revenue.state.mn.us and log in to e-Services. Under your **Withholding Tax** account, select **Manage clients**. Under **Manage Returns** select **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 show:

- 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 do I submit W-2, W-4MN, and 1099 information?

For instructions, see the following fact sheets:

- Withholding Tax Fact Sheet 2, *Submitting Form W-2 Information*
- Withholding Fact Sheet 2a, *Submitting Form 1099 Information*

You will receive a confirmation number for each file received and a summary of the W-2, W-4MN, and 1099 information submitted.

Why am I receiving demand letters?

We send demand letters to you and your client when we do not receive their returns by the required due date. Be sure you and your clients' addresses are current. We send the first demand letter and liquor posting letter about five days after the return due date. We send a second demand letter about 16 days after the return due date.

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

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

Email: 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 Phone: 1-800-829-4933