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Department of the Treasury  
Internal Revenue Service

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## **New Legislation Allows You to Reduce or Remove Your Deposit Penalty**

### **What's New?**

The Internal Revenue Service (IRS) Restructuring and Reform Act (RRA) of 1998 allows taxpayers to designate their employment tax deposits required after January 18, 1999. The new law allows you to tell the IRS where to apply your deposits within the tax return period with a deposit penalty. You have 90 days from the date of the correspondence you received showing the deposit penalty to contact the IRS if you want to specify where to apply your deposits.

### **Expansion of the Exception for First-Time Depositors**

The law allows the IRS to remove the deposit penalty if the penalty applies to the first required deposit after a required change to your frequency of deposits. The employment tax returns must be filed by the due date.

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