



IRS

Department of the Treasury
Internal Revenue Service

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Notice **1009** (Rev. 2-2001)

Catalog Number 20653L

Information on the Alternative Method of Reporting on Form 720, Schedule A

Purpose of this Notice

The purpose of this notice is to help you avoid a deposit penalty. You may be reporting your tax when it's billed instead of when it's considered as collected. To avoid a penalty, you must report your tax in the semimonthly period it's considered as collected.

Alternative Method Rules

When you use the alternative method of reporting and depositing your tax, Form 720 and Schedule A must show the tax considered as collected for that quarter.

We consider tax billed during the 1st semimonthly period as collected in the first 7 days of the 2nd following semimonthly period. You must report this tax on Schedule A in the box for this 7 day period.

You must deposit the tax considered as collected in the 1st semimonthly period of the month by the 3rd banking day after the 7th day. (Generally, the 10th day of that month.)

For example, amounts billed from January 1 through January 15, are considered as collected February 1 through February 7. Report this tax on Form 720, Schedule A in Box O and deposit your tax by February 10.

The tax considered as collected in the 2nd semimonthly period of the month is due by the 3rd banking day after the 22nd day. (Generally the 25th day of that month.)

For example, amounts billed from January 16 through January 31 are considered as collected February 16 through February 22. Report this tax on Form 720, Schedule A in Box P and deposit you tax by February 25.

Deposit the same amount of tax you entered in the box on Schedule A, unless you meet an exception to the deposit rules that allow you to deposit less.

Instructions for Correcting Schedule A for the Quarter in Question

Use the charts in this notice to fill out the enclosed Form 720, Schedule A for the quarter in question.

Instructions for Filing Form 720 and Schedule A for the Transition Quarter

You must correct Schedule A for the quarter in question plus correct your Form 720 and Schedule A for the transition quarter.

The transition quarter is the quarter in which you received this notice. *Do not file amended Form 720 for any quarters between the quarter in question and the transition quarter.*

(over)

When you complete your Form 720 for the transition quarter:

- (1) Make an entry on the IRS No. line(s) for your tax type. Enter the amount of tax billed during only the first two months of the quarter.
- (2) Enter on line 6 the deposits that relate to those 2 months only.
- (3) On Schedule A, line 3, report the tax for the first 2 months of the transition quarter in the semimonthly boxes for the second and third months of the quarter, when the tax is considered as collected. *For the first month of the quarter, leave the semimonthly boxes blank.*

Instructions for Filing Form 720 and Schedule A for Future Quarters

After the transition quarter, report your tax on Form 720, Schedule A for all 3 months of the quarter your tax is considered as collected. Use the charts in this notice as a guide.

Make your deposits within 3 banking days after the end of the week your taxes are considered as collected (usually the 10th and the 25th).

Chart A (1st Quarter) Schedule A

Tax Billed/Tickets sold	Considered Collected	Reporting Box
12/01 through 12/15	01/01 through 01/07	Box M
12/16 through 12/31	01/16 through 01/22	Box N
01/01 through 01/15	02/01 through 02/07	Box O
01/16 through 01/31	02/16 through 02/22	Box P
02/01 through 02/15	03/01 through 03/07	Box Q
02/16 through 02/28 (02/29)	03/16 through 03/22	Box R

Chart B (2nd Quarter) Schedule A

Tax Billed/Tickets sold	Considered Collected	Reporting Box
03/01 through 03/15	04/01 through 04/07	Box M
03/16 through 03/31	04/16 through 04/22	Box N
04/01 through 04/15	05/01 through 05/07	Box O
04/16 through 04/30	05/16 through 05/22	Box P
05/01 through 05/15	06/01 through 06/07	Box Q
05/16 through 05/31	06/16 through 06/22	Box R

Chart C (3rd Quarter) Schedule A

Tax Billed/Tickets sold	Considered Collected	Reporting Box
06/01 through 06/15	07/01 through 07/07	Box M
06/16 through 06/30	07/16 through 07/22	Box N
07/01 through 07/15	08/01 through 08/07	Box O
07/16 through 07/31	08/16 through 08/22	Box P
08/01 through 08/15	09/01 through 09/07	Box Q
08/16 through 08/31	09/16 through 09/22	Box R

Chart D (4th Quarter) Schedule A

Tax Billed/Tickets sold	Considered Collected	Reporting Box
*09/01 through 09/15	10/01 through 10/07	Box M
09/16 through 09/30	10/16 through 10/22	Box N
10/01 through 10/15	11/01 through 11/07	Box O
10/16 through 10/31	11/16 through 11/22	Box P
11/01 through 11/15	12/01 through 12/07	Box Q
11/16 through 11/30	12/16 through 12/22	Box R

* For this period an additional deposit is required at the end of September. Please see Form 720 instructions regarding the Special September Rules.