

We received a notice from the IRS on April 29, 2024, for overdue payroll taxes for December 31, 2020 (Q4 2020). It appears other notices were received prior to this (and prior to my employment with the Town).

On Monday, August 28, I called the IRS and spoke to IRS agent Ms. Heffern for about 40 minutes. After getting off the phone with her, I reviewed the information she had given me and compared it to the reports I had on hand and found some discrepancies.

I called back on Tuesday, August 27, 2024, and spoke for an hour to IRS Agent Ms. Helpa regarding the notice we received for 941 overdue taxes and non-filing of reports and the information I had been given the previous day. The following information is what the IRS has on record and this information matches our records.

Q4 2020 – 941 quarterly reports filed, but deposits were not made in a timely manner
Total liability for this quarter is \$11,767.40. Two deposits toward this liability were made:

\$ 2,861.21 12.11.2020

\$ 4,037.47 01.06.2021

Additionally, overpayments from 2022 Q2 and Q3 were applied:

\$2,000.09 Carryback from Q3 2022 applied

\$ 1.76 Carryback from Q2 2022 applied

Penalty assessed for non-timely payments. Interest was also assessed. Payoff for this quarter through Friday, August 31, 2024, was \$4,508.37.

Q1 2021 – 941 reports filed, but total liability not paid in a timely manner

Total liability: \$9,820.09

Deposits: \$3,373.37 03.12.2021

\$3,322.00 04.09.2021

\$3,596.26 12.27.2021

Penalty assessed for non-timely payments. Interest also assessed. Payoff for this quarter through Friday, August 31, 2024, was \$216.44.

Total due for Q4 2020 and Q1 2021 = \$4,724.81

The total amount due was required to be paid within 10 days to avoid any liens or other legal action. This full amount was paid on Friday, August 31, 2024.

Additionally, the following 941 forms have not been filed/not received by the IRS:

Q1 2020 – this report was never completed and filed. Backup paperwork was gathered, report filed and mailed via certified mail to the IRS on Wednesday, August 28, 2024.

Total liability, as computed on filed 941 form is \$9,396.52. Total deposits made for this quarter were \$12,717.25.

Q1 2022 – this report was never completed and filed. Backup paperwork was gathered, report filed and mailed via certified mail to the IRS on Wednesday, August 28, 2024.

Total liability, as computed on filed 941 report is \$13,390.52. Total deposits made for this quarter were \$13,013.98.

For Q1 2020, we will be assessed a “failure to properly deposit” penalty and a “failure to file” penalty. For Q1 2022, we will be assessed a “failure to file” penalty; unsure of the failure to properly deposit penalty at this point. (Presumably the overpayment from Q1 2020 will be applied to penalties and interest assessed.)

Our deadline for filing these reports was September 25, 2024; both reports were filed Wednesday, August 28, 2024.

A hold has been placed on the balances for these two quarters. This means that no collection enforcement can be started. Once the reports are received and processed, the deposits that we have made will be credited to these two quarters, and a notice will be sent to us regarding penalties and interest due.

It was also advised that we call once a year and request a compliance check. It is recommended that all entities that file by mail do this to avoid the situation we now have. There is not an option for us to file reports electronically, as we do not use a payroll service to process our weekly payroll and pay our quarterly payroll taxes and this option is only available to entities that use a payroll service.