

The Advocate



Sterling Clay Couch, III, CPA's , PC & irshelp.com

Civil Penalties and Trust fund Assessment!

A civil penalty is a monetary fine assessed for violation of a rule. For example: Neglecting to file on time, not paying your taxes on time or writing bad checks can result in huge penalties.

We are going to focus on two of the more serious civil penalties:

- Failure to file your employees W-2/W-3 with the social security administration.
- Trust fund penalty

At the end of the year you must complete a W-3 form. This is a recap of the total amount of wages paid to your employees' for the year. This is submitted along with a copy of each of your employ-

ees' W-2 to the social security administration.

To encourage prompt payment of withheld income and employment taxes congress passed a law that provides for the trust fund recovery penalty. These taxes may be assessed individually and collected from your personal assets.

Who can be held responsible for this? Any one who has the duty to perform and the power to direct the collecting, accounting and paying of taxes. This can include:

- Corporate officers
- Spouses
- Bookkeepers
- Anyone who must have been or should have been

aware of the outstanding taxes.

During the collection process it is likely that trust funds will be assessed. One must be careful how they respond to the IRS questions regarding your payroll process. The IRS in most cases will conduct what is called a responsible party interview. Based on information given during this interview the IRS will determine who they consider to be responsible parties. Therefore this interview needs to be taken very seriously. Contact us if you wish a to have a copy of the questions that will be asked.

Advocacy in Action!

The staff at Sterling Couch CPA'S office works extremely hard at reducing and sometimes eliminating penalties. We have been very successful over the years and have saved thousands of dollars for clients.

Analyzing our clients financial info and the IRS statements of

the account can result in big savings on the tax debt. For instance:

- One company was assessed \$30,806 in civil penalties for failure to file their W-2 forms thru the diligent work of one of our CPA's the civil penalties were released and the

money was completely refunded.

- In another civil penalty our client was assessed over \$31,000 for failure to file and failure to pay. Again thru the efforts of one of our CPA's, that tax debt was reduced by over \$19,000.