

Stronach Township Board
Outstanding Tax Agency Issues
As of April 9th, 2013

State of Michigan

On April 8th, I spoke with Mr. Kramer of the Michigan Accounts Receivable Collections agency. According to the MARCS, Stronach Township is in arrears for \$8,069.19 of Michigan withholding for the year 2012. However, the letter of explanation submitted to the state with the detail of actual liability and dates of payments made has been received and is now under review. The matter is on hold until the review is completed. The Township will be notified when that has been done, but no date was given as to when this will be done. For now, any penalties and interest are stopped.

According to the 2012 withholding payment and liability information Barb Rishel and I assembled, it appears to me that though not done timely, currently Stronach Township has paid its liability for withholding in full by January of 2013. There is likely to be interest and penalties that are owed, but the payments made to date should be sufficient to cover them.

Internal Revenue Service

From a phone conversation with Mr. Hirsch, #0196106, of the Internal Revenue Service on April 1, 2013, at 4:28 pm:

2009 civil penalties of greater than \$11,000 were assessed against the township for failure to file Forms W-2 & W-3 with the Social Security Administration. Requests had been sent out for the information but the documents were never received. Barb & I found the 2009 W-2s, but no copy of the W-3. From the W-2s, I reconstructed the W-3 and faxed it to the IRS CAWR division that has the power to remove the civil penalty. The Township should receive a refund of that money though it may take some time. I requested a followup from the CAWR within 2 weeks of faxing the forms in and per Mr. Hirsch's recommendation will fax again until I receive acknowledgement.

2010 941 payroll reports for 3rd & 4th quarter were not received, and these need to be completed in order to have payments properly applied to them. The 3rd quarter report has already been completed and mailed in. The 4th will be done this week.

2011 reports have all been received. Mr. Hirsch noted that the 2011 W-2s & W-3 had not been received by the SSA and recommended that they be sent in. However, Barb Rishel and I already

dealt with that in March and sent the forms in as a copy of the letter of request for the forms had been received.

2012 quarterly reports – The 1st, 2nd & 3rd reports and corresponding payment for the 2nd & 3rd quarter have not been received by the IRS. The 4th quarter was completed at the end of January and has been noted as received with full payment made. Monthly payments are now being made timely through the EFTPS website.

1st quarter 941 for 2012 has already been submitted and the 2nd & 3rd are ready to be mailed in. There is some uncertainty as whether the payments were actually made or not as record-keeping in the QuickBooks system is inconsistent. I did not see payments being made through the EFTPS nor checks that cleared on the bank statements. I believe payment still needs to be made for the 2nd & 3rd quarters.

Comments

It is worth noting that the IRS agent also related to me that the situation with W-2s not being sent in to the IRS had occurred in both 2004 & 2007. In addition, quarterly payments were more often than not submitted late, resulting in penalty and interest being assessed unnecessarily against the Township.

There is potential for penalties to be removed, but all forms must be submitted for that to even occur.