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Trust But Verify!

By Roger Reynolds

That was the advice of Ronald Regan and it is good advice if you have given an outside service the responsibility for paying your payroll taxes.

So, your contract with the outside service says they are taking "responsibility" for paying your taxes and it's not your problem. Although someone can assume the "responsibility" for paying your taxes they can not relieve you of the "liability".

Maybe it would be easier to understand if we compare this to a parking ticket. If you return to your car and find one of those yellow tickets on your windshield you now have a liability that needs paid. Suppose a friend says, "Give me the money and I'll take responsibility for paying the ticket for you." Well, we all forget things from time to time... So, a month later you come back to your car as its being towed away because your friend forgot to pay the fine. How much luck do you think you're going to have when you tell the police you gave your friend the money to pay the ticket?

How can you make sure your taxes are being paid? If you are with a payroll service (such as ABCO Payroll Services) you can go on the IRS web site and verify that all your taxes have been paid. Starting about two years ago the IRS made it possible for payroll services to have an "Inquiry PIN" sent to the client at the time we register to pay taxes on their behalf.

If you are with a payroll service and don't have an Inquiry PIN here's how you can get one (remember this works for payroll services which pay your taxes

electronically, *not* employee leasing companies or PEO's): Complete the online New Taxpayer Enrollment Form at

<https://www.eftps.gov/eftps/enrollments/newtaxpayer.do>. (Click on Enrollment Tab) When prompted to select Payment Information, select "*Financial Institution Tax Payment Service*". Within 15 days you'll receive your PIN in the mail at your IRS address of record. You will also need to create an Internet Password. Instructions for the Internet Password will be delivered in the mail with your PIN. Once you have registered with EFTPS you will then have access to view your federal payments being made by your payroll service. Please know it can take a couple of days after the payment date for the payment to post to your account.

We recommend that our clients check at least once a quarter after they have received their quarterly reports.

What if you are with an employee leasing company or a PEO? The most important fact to remember is *you are still liable for taxes* if the employee leasing company does not pay on your behalf. Unfortunately, there is not a practical way of confirming the PEO has paid your taxes since all of the taxes are paid under the PEO's company tax ID. You may want to ask the PEO if they offer unbundled services which are commonly referred to as ASO (administrative services only). The taxes would then be paid under your tax ID enabling you to verify payments made electronically.

If you have any questions please call Roger Reynolds at ABCO Payroll Services. 941-755-9511.