

## IRS Announces Early Interaction Initiative

### *How Will It Affect My Business?*

By: Brandon N. Mourges

On December 8, 2015, the Internal Revenue Service (IRS) announced a new initiative ([IR-2015-136](#)) aimed at helping identify employers who are falling behind on payroll and employment taxes and to “help them get caught up” on their responsibilities.

Regarding the Initiative, the IRS states that:

*The initiative is designed to help employers stay in compliance and avoid needless interest and penalty charges. The initiative will seek to identify employers who appear to be falling behind on their tax payments even before an employment tax return is filed. The IRS will offer helpful information and guidance through letters, automated phone messages, other communications and in some instances, a visit from an IRS revenue officer.*

A key aspect of the Initiative is that it will target employers much earlier in the process. In order to do so, the IRS will more closely monitor tax deposit patterns and identify employers whose payments decline or are late. If symptoms of non-compliance are spotted by the IRS, there will be contact with the employer in the near future. As failure to file and failure to pay [penalties](#) can each quickly increase to 25% of employment tax due, and failure to deposit penalties can equal 10% of the amounts due if deposited more than 15 days late, these reminders may reinforce the need to meet employment tax obligations in a timely manner and will ultimately help some employers reduce penalties and interest paid.

On the other hand, this Initiative potentially exposes non-compliant taxpayers to sometimes unwanted contact and a greater chance of civil or criminal liability. For example, if a taxpayer receives additional notifications of non-compliance from the IRS and it is properly documented (through this Initiative), it may be easier to establish a viable assessment of the [Trust Fund Recovery Penalty](#), whereby individuals can be held personally liable for tax non-compliance of, and the liabilities of, the employer. Repeated and documented contact by the IRS may thwart subsequent attempts by the employer to eventually abate failure to pay, failure to file, or failure to deposit penalties based on a defense of “reasonable cause.” And, worst of all, if contact is made by a revenue officer and it is discovered that the employer is actively and intentionally avoiding its employment tax obligations, a [criminal referral](#) could potentially be made.

If you receive any form of contact by the IRS as part of the Initiative or if you need assistance addressing your employment tax obligations, you should contact a tax attorney.

For a free consultation, please contact Brandon N. Mourges at (410) 951-1149 or via e-mail at [bmourges@rosenbergmartin.com](mailto:bmourges@rosenbergmartin.com).