

## Small Business Owners: Avoiding Payroll Tax Related IRS Problems

It is difficult enough for the small business owner to make a profit. The average owner of a small business typically reports a loss in their first year of business. One thing certain to make the life of a small business owner miserable is a payroll tax problem. The IRS does not care how hard it is to run your business, and they typically aren't receptive to excuses. The best way to deal with the IRS is to not have to deal with them at all.

Here are five things small business owners need to know about payroll taxes and the IRS.

1. Tax penalties build quickly and can result in a mountain of debt. There are three major penalties the IRS can hit you with:
  - a. Failure to file
  - b. Failure to deposit
  - c. Failure to pay

If you don't pay within defined periods, the IRS will be assessing a penalty in the neighborhood of 33%, plus interest.

2. Timely deposits are essential. In general payroll taxes must be deposited within three days of the payroll check date. To avoid late fees and penalties ensure that all tax amounts are deposited by their due date.
3. The IRS loves small businesses - they really do! Unfortunately, not in the way you want. The IRS has identified small business owners as the largest source of uncollected taxes. Therefore, small businesses get plenty of attention from the IRS enforcement area – particularly in down economic cycles.
4. Do you know what the Trust Fund Recovery Penalty (TFRP) is? Well, you should because it gives the IRS the power to go after the small business owner individually for payroll taxes owed. There is no “corporate” protection that the IRS cannot surmount if they decide to use TFRP.
5. The thresholds for criminal referrals are very low. The IRS can and will refer your case to the criminal investigation division and the Department of Justice if they can prove you intentionally did not file or pay.



### PayChoice Overview

PayChoice offers a world class suite of integrated payroll and HR tools. From eliminating the hassle associated with payroll, HR record keeping and tax-filing issues, to providing tools for retaining and rewarding employees, PayChoice is simply a better choice.

How do you avoid these problems? First, recognize that “if you want to play you have to pay.” It’s that simple. Then, make sure you have a payroll and tax partner with the experience and integrity to keep the IRS from your door. PayChoice enables small and mid-sized companies to focus on running and growing their businesses. Our comprehensive suite of services, personalized customer service and competitive pricing delivers the best value in the marketplace.

### **About PayChoice**

Thousands of small and mid-sized businesses selected PayChoice over the huge national payroll service bureaus because “we get it”.

- We get that you want your payroll and payroll tax headaches to go away.
- We get that you don’t want any surprises when it comes to your bill.
- We get that you want to be treated like you treat your customers – with respect.

There is a better alternative...PayChoice.

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