

Notice to Make Special Deposits of Taxes

(Section 7512 of the Internal Revenue Code)

Taxpayer's Name and Address

Section 7501 of the Internal Revenue Code provides that whenever any person is required to withhold or collect any internal revenue tax from any other person and to pay over such tax to the United States, the amount of tax so withheld or collected shall be held to be a special fund in trust for the United States. Our records show that you have not paid over to the United States, at the time and in the manner prescribed by law or regulations, internal revenue taxes you were required to withhold or collect.

Therefore, under the provisions of section 7512 of the Internal Revenue Code, you are hereby notified that:

Effective immediately you are required to:

(1) Collect, at the time and in the manner provided by the law and the regulations, any of the following internal revenue taxes for which you are liable:

Income tax withheld from employees; Employee tax withheld under the Federal Insurance Contributions Act; and Excise taxes on toll telephone service, local telephone service, teletypewriter exchange service, and transportation of persons by air.

(2) Establish a bank account in a bank (as defined in section 581 of the Internal Revenue Code) designated as: "(Your Name), Trustee, Special Fund in Trust for U.S. under sec. 7512, I.R.C."

(3) Deposit the taxes you withhold or collect in such separate bank account not later than the end of the 2nd banking day after you withhold or collect them.

(4) Keep the taxes so deposited in such separate bank account until you pay them over to the Internal Revenue Service.

In addition to the requirements listed above, and under the provisions of section 6011 of the Internal Revenue Code and regulations, you are further notified that:

Effective for the calendar month in which this notice is delivered, you are required to:

☐ File monthly returns on Form 720 for the taxes normally required to be reported quarterly. You must file your monthly returns not later than the 15th day of the 2nd calendar month following the month covered by the return(s).

☐ File monthly returns on Form 941-M for the taxes normally required to be reported quarterly. You must file your monthly returns not later than the 15th day of the month following the month covered by the return(s).

☐ File semimonthly returns on Form 720 for the taxes normally required to be reported quarterly. You must file your semimonthly returns not later than the 2nd day of the 3rd semimonthly period, following the semimonthly period for which they are made.

The first monthly or semimonthly return required pursuant to this notice shall cover the month or semimonthly period in which the notice is received and all prior months or semimonthly periods within the calendar quarter that have not yet been reported on a quarterly return.

You should send with each return the full amount of all taxes shown to be due. Payment in this manner makes it unnecessary for you to use Federal tax deposit forms for taxes withheld or collected after receipt of this notice.

Issued under authority of section 7512(a), Internal Revenue Code, this _____ day of _____

Signature and Title

The applicable provisions of the Internal Revenue Code referred to in this notice are attached to this notice.

Excerpts from the Internal Revenue Code

Sec. 7501

Liability for Taxes Withheld or Collected

(a) General Rule.-Whenever any person is required to collect or withhold any internal revenue tax from any other person and to pay over such tax to the United States, the amount of tax so collected or withheld shall be held to be a special fund in trust for the United States...

Sec. 7512

Separate Accounting for Certain Collected Taxes, Etc.

(a) General Rule.-Whenever any person who is required to collect, account for, and pay over any tax imposed by subtitle C, by chapter 33, or by Section 4986:

(1) at the time and in the manner prescribed by law or regulations (A) fails to collect, truthfully account for, or pay over such tax, or (B) fails to make deposits, payments, or returns of such tax, and

(2) is notified, by notice delivered in hand to such person, of any such failure, then all the requirements of subsection (b) shall be complied with. In the case of a corporation, partnership, or trust, notice delivered in hand to an officer, partner, or trustee, shall, for purposes of this section, be deemed to be notice delivered in hand to such corporation, partnership, or trust and to all officers, partners, trustees, and employees thereof.

(b) Requirements.-Any person who is required to collect, account for, and pay over any tax imposed by subtitle C, by chapter 33, or by section 4986 if notice has been delivered to such person in accordance with subsection (a), shall collect the taxes imposed by subtitle C, chapter 33, or section 4986 which become collectible after delivery of such notice, shall (not later than the end of the second banking day after any amount of such taxes is collected) deposit such amount in a separate account in a bank (as defined in section 581), and shall keep the amount of such taxes in such account until payment over to the United States. Any such account shall be designated as a special fund in trust for the United States, payable to the United States by such person as trustee.

(c) Relief From Further Compliance With Subsection (b).-Whenever the Secretary is satisfied, with respect to any notification made under subsection (a), that all requirements of law and regulations with respect to the taxes imposed by subtitle C or chapter 33, or section 4986 as the case may be, will henceforth be complied with, he may cancel such notification. Such cancellation shall take effect at such time as is specified in the notice of such cancellation.

Sec. 7215

Offenses with Respect to Collected Taxes

(a) Penalty.-Any person who fails to comply with any provision of section 7512(b) shall, in addition to any other penalties provided by law, be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than \$5,000, or imprisoned not more than one year, or both, together with the costs of prosecution.

b) Exceptions.-This section shall not apply-

(1) to any person, if such person shows that there was reasonable doubt as to (A) whether the law required collection of tax, or (B) who was required by law to collect tax, and

(2) to any person, if such person shows that the failure to comply with the provisions of section 7512(b) was due to circumstances beyond his control.

For purposes of paragraph (2), a lack of funds existing immediately after the payment of wages (whether or not created by the payment of such wages) shall not be considered to be circumstances beyond the control of a person.

Sec. 6331

Levy and Distraint

(a) Authority of Secretary.-If any person liable to pay any tax neglects or refuses to pay the same within 10 days after notice and demand, it shall be lawful for the Secretary to collect such tax (and such further sum as shall be sufficient to cover the expenses of the levy) by levy upon all property and rights to property (except such property as is exempt under section 6334) belonging to such person or on which there is a lien provided in this chapter for the payment of such tax....If the Secretary makes a finding that the collection of such tax is in jeopardy, notice and demand for immediate payment of such tax may be made by the Secretary and, upon failure or refusal to pay such tax, collection thereof by levy shall be lawful without regard to the 10-day period provided in this section.

Sec. 581

Definition of Bank

For purposes of sections 582 and 584, the term "bank" means a bank or trust company incorporated and doing business under the laws of the United States (including laws relating to the District of Columbia) or of any State, a substantial part of the business of which consists of receiving deposits and make loans and discounts, or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency, and which is subject by law to supervision and examination by State, or Federal authority having supervision over banking institutions. Such terms also means a domestic building and loan association.

Sec. 6011

General Requirement of Return, Statement, or List

(a) General Rule.-When required by regulations prescribed by the Secretary any person made liable for any tax imposed by this title, or for the collection thereof, shall make a return or statement according to the forms and regulations prescribed by the Secretary...

Sec. 6020

Returns Prepared For or Executed by Secretary

(b) (1) Authority of Secretary to Execute Returns.-If any person fails to make any return required by any internal revenue law or regulation made thereunder at the time prescribed therefor, or makes, willfully or otherwise, a false or fraudulent return, the Secretary shall make such return from his own knowledge and from such information as he can obtain through testimony or otherwise.

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