

CINCINNATI OH 45999-0038

In reply refer to: [REDACTED]
Mar. 31, 2021 [REDACTED]

[REDACTED]

[REDACTED]

WESTMINSTER CO 80234-3497



023060

Taxpayer identification number: [REDACTED]
Tax periods: Mar. 31, 2020
Form: 941

Dear Taxpayer:

Thank you for your reply dated Sep. 24, 2020, to our letter proposing a federal tax deposit penalty for not meeting deposit requirements.

We apply credits to the most recent deposit period within the specific tax return period to which the deposit relates. This method of applying deposits can eliminate cascading penalties when deposits have not been made in sufficient amounts to satisfy cumulative deposit obligations. Internal Revenue Code (IRC) Section 6656(e) allows taxpayers 90 days from the date of the penalty notice to contact the IRS and designate deposits to specific liability amounts.

The amount of the penalty depends on when you made the deposit. The penalty rates are as follows:

- 2 percent for deposits made 1 to 5 days late.
- 5 percent for deposits made 6 to 15 days late.
- 10 percent for deposits made 16 or more days late, but within 10 days of the first notice requesting payment for the tax due.
- 15 percent for all amounts still unpaid more than 10 days after the date of the first notice requesting payment for the tax due.
- 10 percent for required deposits not paid by electronic funds transfer (EFT).

Based on the tax liability record you gave us, we reduced the penalty to \$559.98.

If you reported employment taxes of more than \$50,000 during the lookback period, you become a semiweekly depositor. The day your deposit is due is determined by the day of your payroll. If you pay wages on Wednesday, Thursday, or Friday, a deposit is due on or before