



## District Business & Advisory Services

Nimrat Johal: Director- DBAS: 408-453-6599

Bulletin: 14-033

Date: February 25, 2014

To: District Fiscal Directors  
District Chief Business Officers

From: Nimrat Johal, Director, DBAS

Re: SCCOE Amended Payroll Processes

---

The purpose of this bulletin is to notify you of a matter regarding the payment of taxes related to payroll. This does not affect your processes nor is there any action required of you. This is strictly for your information.

As you may know, each month, the County Office processes two regular payrolls and various manual and special payroll runs throughout the month to support payroll corrections, emergency warrant situations, retro salary adjustments, etc.

We recently became aware that our prior practice of remitting payroll taxes to the IRS for the special payrolls may not be in compliance with procedures outlined in the Internal Revenue Service (IRS) Publication 15. As such, we amended our payroll tax returns for 2010, 2011, 2012, and 2013 to reflect payroll liability after each and every payroll run. These amended Payroll Tax Returns were filed with the IRS in October 2013. Subsequently, in December 2013, the IRS levied penalties citing the reason for the penalties as late payment of payroll taxes relative to the supplemental payrolls.

While we paid the penalties for the prior four years, we have filed for an appeal to the IRS to seek a waiver of these penalties. These penalties have been paid from the County Office's Fund *and there is no impact to the districts*. Going forward, and until we can confirm that we can file the special payrolls with the regular payrolls, we will be remitting taxes after each and every payroll run.

If you have any questions or concerns, please feel free to contact me.