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Service more than \$300,000 for failing to remit federal withholding taxes when the school was facing financial difficulties.

Feb. 22, 2013

A Catholic elementary school in Erie, Pennsylvania, owes the Internal Revenue Service more than \$300,000 for failing to remit federal withholding taxes when the school was facing financial difficulties.

St. Peter Cathedral School was supposed to have turned over the money to the government quarterly in 2011 and 2012. The IRS on Feb. 15 filed a \$301,375 lien against the school at the Erie County Courthouse. The amount includes interest and penalties.

The school is now in a payment plan with the government.

The failure to remit the taxes occurred “because the school faced cash-flow problems beginning in the calendar year 2012,” Monsignor William Biebel, the rector of St. Peter Cathedral Parish, said in a statement in response to questions from the Erie Times-News.

He said he expects the final amount of debt to the IRS “to be considerably less,” and said the parish has worked out a plan with the IRS to pay all the money by the fall.

“Issues related to personnel involved have yet to be determined,” Biebel said.

The IRS requires that employers each quarter remit withholding taxes — also known as payroll taxes — using what is known as IRS Form 941.

The employer withholds the money from employees' paychecks and holds it in trust before remitting it to the IRS to pay the employees' federal income taxes as well as

Social Security and Medicare taxes.

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