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Ken Berry, JD • Apr. 22, 2024



## Tax Blotter 042224

Under the trust fund recovery penalty (TFRP), a “responsible person” may be held personally liable for the full amount of an employer’s unpaid employment taxes.

This issue is often contested in the courts.

**Not my job.** The job of a manager in an auto repair shop mainly consisted of running errands for the owner and doing other odds and ends. Although he wasn’t involved with payroll, he had check-signing authority over one bank account used solely to

buy parts for the business. But the manager wasn't aware of the company's failure to

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that the CEO is a responsible person who is liable for the TFRP (Taylor, TC Memo 2024-533, 3/25/24).

**Sense of urgency.** Working only part-time won't necessarily get you off the hook. A part-time bookkeeper at Urgent Care who was paid an hourly rate handled the company payroll. But he didn't have any check-signing authority or ability to make payments on the company's behalf. At all times, he worked under the supervision of his immediate supervisor, a physician. Nevertheless, he was aware of the failure to pay employment taxes on time, so the Tax Court treated him as a responsible person liable for the RFRP (Kazmi, TC Memo 2022-13, 3/1/22).

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