

**The NATIONAL FRATERNITY of the
SECULAR FRANCISCAN ORDER - USA**

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DEALING WITH TAXING CORRESPONDENCE

by John K. Sanborn, sfo, Treasurer

One of our fraternities recently had to pay \$200 in penalties to New York State because it failed to answer correspondence that it had received from the Tax Department. The fraternity had registered for sales tax many years ago; no one now remembers why it was done. Maybe an event was held and someone with a scrupulous conscience paid a few dollars in state sales tax. Once a "vendor" is registered the State will forever expect to see quarterly or annual sales tax returns, unless they are notified pointedly that the organization is no longer liable for any sales taxes. In this case, the State had sent several letters to the fraternity, at the address of the church where it holds its meetings. Apparently whoever opened the letters, either the pastor, the minister, or someone else, knew that the fraternity was not liable for sales taxes any longer, and therefore discarded the correspondence. A BIG MISTAKE!

In most cases, if you fail to answer requests for information from a taxing authority, they have the legal right to assume you to be in the wrong, and can assess estimated taxes, penalties and interest. Once an assessment is recorded, it is very difficult to get rid of it except by paying. In this case, once the fraternity got billed for back taxes, penalty and interest, that got their attention. They did the right thing and called the National Treasurer for help in resolving the issue. I contacted the Tax Department and got some background on the assessments and was able to convince them that no tax and interest was due. The penalties could not be waived; however, since the fraternity had not filed the requested returns (they should have filed the returns stating "no tax due"). We therefore wrote a letter to the Department, enclosing the payment of the penalties, and saying in no uncertain terms the fraternity is no longer required to file sales tax returns. "We no longer should be required to file any sales tax returns since we have not had any taxable sales in over 5 years, and do not anticipate ever having any such sales in the future. PLEASE SEE TO IT THAT OUR NAME AND NUMBER ARE DELETED FROM YOUR RECORDS, OR MADE INACTIVE". Of course this correspondence, as should all correspondence with a taxing authority, was sent by "Certified Mail".

The lesson to be learned is this: NEVER IGNORE A LETTER FROM ANY TAXING AUTHORITY. ALWAYS ANSWER WITHIN THE REQUIRED TIME, BY CERTIFIED MAIL, STATING WHAT YOU BELIEVE TO BE THE CORRECT FACTS. IF YOU THINK THE TAX DEPARTMENT IS INCORRECT, BE SURE TO SAY SO, IN NO UNCERTAIN TERMS, AND ASK THAT ANY PROPOSED ADDITIONAL TAX, PENALTIES AND INTEREST BE CANCELED. As in most things in life, ignoring the problem just makes it worse.