

TOWN OF MOUNT GILEAD

Post Office Box 325
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Mount Gilead, North Carolina 27306
Incorporated 1899

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Mayor
Beverly A. Harris

Mayor Pro Tem
Tim McAuley

Commissioners
Paula Covington
Vera Richardson
Mary Lucas

Town Manager
Dylan Haman

Town Clerk
Lessie Jackson,
Interim Town Clerk

The Town of Mount Gilead released a statement on Wednesday, June 21, 2023 discussing an “issue with the Internal Revenue Service regarding 941 withholding payments.” The Town now issues the following update regarding this issue.

On May 15, 2023, Dylan Haman began full-time employment with the Town of Mount Gilead as Town Manager. On May 26, 2023, Mr. Haman received notice CP220 from the IRS informing him of the Town’s failure to make a federal tax deposit on form 941 (payroll tax) during multiple tax periods. Mr. Haman immediately began investigating the content of the notice.

On May 30, 2023, Mr. Haman was informed that the town had utilized ACH (automated clearing house) payments to make federal tax deposits in the past but the ACH payments that the Town attempted to make failed to reach the IRS. As a result of the missing payments, the Town was informed that it owed a total of \$389,985.92 in principal, interest, and penalties to the IRS as a result of missing ACH payments dating back to February 11, 2021.

Mr. Haman immediately began investigating the whereabouts of the ACH payments, seeking to recover them on behalf of the Town. Since May 30, 2023, the Town has had ongoing discussions with representatives from Truist Bank regarding the missing ACH payments. In addition, Mr. Haman contacted Senator Thom Thilliss’ office requesting assistance with the IRS, which led the Town to receive assistance from the Taxpayer Advocate Service. The Town also engaged the services of Robin Pipkin, a tax attorney with the law firm Poyner Spruill to provide advice concerning the fees and penalties owed to the IRS and to assist the Town in compliance with its tax obligations.

As a result of these efforts, on July 27, 2023, the Town received confirmation that the missing ACH payments were sent to the North Carolina Department of Revenue, rather than the Internal Revenue Service. The Town has become aware that this issue began in early 2021 when the incorrect bank account information was input into an ACH template, resulting in two years of federal tax deposits being sent to the wrong bank.

The Town has filed amended state tax returns and is currently working with both the North Carolina Department of Revenue and the Internal Revenue Service to ensure that it receives all money owed to the Town of Mount Gilead and it pays all money owed to the Internal Revenue Service. The Town is now registered and making payments through the Electronic Federal Tax Payment System to prevent this type of error from occurring in the future.

Signed:

Beverly Harris, Mayor

Tim McAuley, Mayor Pro Tempore

Dylan Haman, Town Manager