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Union faces IRS liens for unpaid payroll taxes

Boston Business Journal - by [Craig M. Douglas](#) Journal staff

A local labor union known to blast Massachusetts employers for shirking their responsibilities to workers has been hit with more than \$124,000 in tax liens since August for failing to pay the federal government its fair share of employee payroll, Social Security and Medicare-related taxes.

Although regulatory filings list the AFL-CIO as the official debtor in question, a person familiar with the matter said the unpaid taxes are connected to the operations of the Massachusetts Building Trades Council at 256 Freeport St. in Dorchester.

The union is one of more than 750 labor organizations affiliated with the Massachusetts AFL-CIO, which represents more than 400,000 union members in the commonwealth, according to its Web site.

Frank Callahan, the president of the Mass Building Trades Council, said he was unaware the IRS had issued the tax liens. He said the union encountered a problem several months ago while transitioning bookkeepers.

"There's no missing money or anything like that. It's just a matter of resolving this with the IRS," said Callahan, who took over the Mass Building Trades Council's top post six weeks ago.

He said the union is working with its accountants to "make things right." He said the new bookkeeper involved in the accounting snafu is still on the job.

Union critics say the liens speak to broader problems caused by organized labor's entrenched power in the Bay State.

"Typically in states like Massachusetts that don't have a 'right to work' law, you often see ... lack of accountability by senior union officials to rank-and-file members," said Justin Hakes, a spokesman for The National Right to Work Legal Defense and Education Foundation Inc., a Virginia nonprofit that aims to chip away at union influence over workers and businesses.

Hakes said so-called right-to-work laws are effective in 22 states and offer protections for workers who refuse to join unions or pay their dues. He said no such law exists in Massachusetts.

Hakes said the lack of protection allows many local workers, fearful of losing their jobs, to be strong-armed into joining unions.

"This situation may be symptomatic of that," he said.

Since August, the IRS has issued three separate tax liens for unpaid taxes at the AFL-CIO's Dorchester operations at 256 Freeport St., according to tax records at the Federal District Court in Boston.

One of those debts, totaling \$27,584 and assessed Aug. 11, was for penalties for failing to submit accurate tax filings to the IRS, according to federal tax records. That debt was settled in January.

Two other liens, issued March 30 and April 25 for \$57,944 and \$38,887, respectively, have yet to be paid down, according to federal tax records.

Peggy Riley, an IRS spokeswoman in Boston, said the AFL-CIO's liens are linked to unpaid Social Security and Medicare-related taxes. Together, those so-called "withholding" levies generally amount to 15.3 percent of a company's total payroll.

Riley would not comment on the amount of unpaid taxes owed by the Mass Building Trades Council. She said it is common for debtors to accumulate fines and interest when liens are assessed for unpaid taxes.

She added that prior to liens being issued, debtors are given ample written notice concerning their unpaid taxes.

"Mistakes can happen. But if it gets to the point of the IRS placing a lien, it means the taxpayer isn't responding to our correspondence," Riley said.

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