

# Payroll Tax Returns

## Payroll Tax Calendar

### Federal Withholding and FICA Deposits:

- Employers that report \$50,000 or less in employment taxes in the "look back period" must deposit taxes monthly.
- Employers that report amounts greater than \$50,000 in the "look back period" must deposit taxes semi-weekly.
- Any time payroll taxes accumulate to \$100,000 or more, the deposit must be made immediately.

### FUTA Deposits:

- Employer must deposit FUTA taxes if at any time the FUTA tax liability exceeds \$100 in a calendar quarter.
- Liability of \$100 or less in a calendar quarter may be carried to the next quarter.

### Federal Due Dates:

#### • January 31:

- Form W-2 must be given to each employee.
- Form 941, Employer's Quarterly Federal Tax Return, 4th Qtr. (10 additional days if all deposits timely).
- Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return (10 additional days if all deposits timely).

#### • February 28:

- Form W-3, Transmittal of Wage and Tax Statements.
- "Copy A" of all Forms W-2 issued.

#### • April 30: Form 941, Employer's Quarterly Federal Tax Return, 1st Qtr.

#### • July 31: Form 941, Employer's Quarterly Federal Tax Return, 2nd Qtr.

#### • October 31: Form 941, Employer's Quarterly Federal Tax Return, 3rd Qtr.

### State Due Dates:

#### • January 31:

- Form DE-6, Quarterly Wage and Withholding Report, 4<sup>th</sup> Quarter
- Form DE-7, Annual Reconciliation Statement

#### • April 30:

- Form DE-6, Quarterly Wage and Withholding Report, 1<sup>st</sup> Quarter

#### • August 31:

- Form DE-6, Quarterly Wage and Withholding Report, 2<sup>nd</sup> Quarter

#### • October 30:

- Form DE-6, Quarterly Wage and Withholding Report, 3<sup>rd</sup> Quarter

***Monica Haven, E.A., A.T.A.***

1534 South Edris Drive \* Los Angeles, CA 90035 \* 48 Cantera Street \* Thousand Oaks, CA 90035  
(310) 286-9161 \* (805) 493-2232 \* FAX (310) 557-1626 \* e-mail: mhaven@pobox.com

## FORM 941

### Employer's Quarterly Federal Tax Return

• **Description:** Used by employers who withhold income tax, Social Security tax, and Medicare tax from employee wages.

- Household employers must use Schedule H (Form 1040), Household Employment Taxes.
- Farm employers must use Form 943, Employer's Annual Tax Return for Agricultural Employees, instead of Form 941.

• **Filing Requirements:** An employer (other than household or farm employers) must file Form 941 for every quarter, even if the employer pays no wages for the quarter; unless the employer qualifies as a seasonal employer. Seasonal employers who regularly pay no wages in certain quarters should check the box above line 1 of Form 941. The IRS will not inquire about unfiled returns if at least one taxable return is filed each year.

• **Deposit Threshold:** If the tax liability for the quarter is less than \$1,000, it may be paid with Form 941; otherwise the withheld taxes must be deposited on either semiweekly or monthly basis.

• **Filing Deadlines: Quarter Ending Due Date**

March 31 ..... April 30  
June 30 ..... July 31  
September 30 ..... October 31  
December 31 ..... January 31

• **Extensions:** If all taxes were timely deposited for the quarter, the due dates are extended 10 more days. There is no additional extension for filing payroll tax returns.

• **Penalties:**

- Under IRC §6651(a)(1), the penalty for filing a tax return late is 5% of the tax due for each whole or part month the return is not filed when required. The maximum penalty for filing late is 25% of the unpaid tax. If the return is over 60 days late, the minimum penalty is the lesser of \$100 or the tax due.
- Under IRC §6651(a)(2), the penalty for paying the tax late is 0.5% of the tax due for each whole or part month the tax is not paid when required. The maximum penalty for paying late is 25% of the unpaid tax. The IRS can also charge interest on the balance due.
- If the employer fails to collect and pay over the tax, a responsible person can be held liable for 100% of the tax in place of the employer under IRC §6672.

## FORMS 940 AND 940-EZ

### Employer's Annual Federal Unemployment (FUTA) Tax Return

• **Description:** Used by employers to report annual federal unemployment tax. The tax is not a payroll withholding deduction from employee wages. The tax is imposed on the employer.

• **Filing Requirements:** Employers who were not household employers or agricultural employers must file Form 940 if they paid a combined total of \$1,500 or more in wages to all of their employees in any calendar quarter; or had one or more employees for some part of a day in any 20 different weeks during the year. Count all regular, temporary, and part-time employees. A partnership should not count its partners as employees. **Note:** Agricultural employers must file Form 940 if they paid a combined total of \$20,000 or more to farm workers during any calendar quarter; or had 10 or more farm workers during some part of a day for at least one day during any 20 different weeks during the year. **Note:** Household employers use Schedule H of Form 1040 to report and pay FUTA taxes for their household employees.

• **Filing Deadline:** Form 940 is due by January 31, of the following calendar year.

• **Extensions:** If all tax is deposited when due, deadline is extended 10 days. There is no additional extension for filing Form 940.

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• **Penalties:**

- Late filing penalty of 5% of tax per month up to 25%.
- Late payment penalty of 0.5% of tax per month up to 25%.

• **FUTA Tax Rate:**

- **6.2% of each employee's first \$7,000 of wages.**

– **Certified State Unemployment Fund:**

If the employer pays into a certified state unemployment fund by the due date of Form 940, the employer may receive a credit of up to 5.4% of the total taxable FUTA wages. This means the FUTA tax rate is 0.8% of employee wages when combined with state unemployment taxes.

**Note:** If the employer receives a pre-printed Form 940 and is not liable for FUTA tax due to not meeting the filing requirements, write "Not Liable" across the front, sign the return, and return it to the IRS.

• **Tax Deposit Requirements:** Employer must make a deposit of FUTA taxes at an authorized federal depository any time the FUTA tax liability exceeds \$100 in a calendar quarter. If the FUTA tax liability is \$100 or less in a quarter, it can either be deposited or added to the next quarter. If the liability for the fourth quarter plus undeposited amounts from earlier quarters is over \$100, deposit the entire amount by January 31. If the tax is \$100 or less, the payment can either be deposited or paid with Form 940 by January 31. Use Form 8109, Federal Tax Deposit Coupon to make FUTA tax deposits; or if required, use EFTPS.

**The deposit is due by the following dates:**

**If undeposited FUTA taxes are over \$100 on Deposit them by**

March 31 ..... April 30  
June 30 ..... July 31  
September 30 ..... October 31  
December 31 ..... January 31

**Form 940-EZ**

Form 940-EZ may be used instead of Form 940 when certain requirements are met. Form 940-EZ eliminates the need for the state credit computation. Form 940-EZ can only be used by employers who qualify for the 0.8% tax rate (6.2% tax rate minus 5.4% state credit).

**To file Form 940-EZ, all of the following must be true:**

- Employer must pay unemployment contributions to only one state.
- All state unemployment contributions must be made by January 31 (the due date for filing Form 940).
- All wages that were taxable for FUTA tax must also be taxable for state unemployment tax.
- All wages were paid in a state other than a credit reduction state. Contact the state unemployment insurance office for credit reduction state information.

## **FORMS W-2 AND W-3**

—**Form W-2**, Wage and Tax Statement, reports information about employee wages and withholding to the employee, the IRS, and the Social Security Administration. The employee copy of the completed W-2 forms should be provided to each employee by January 31.

—**Form W-3**, Transmittal of Wage and Tax Statements, is a summary of an employer's W-2s for the calendar year. The W-3 must be sent to the Social Security Administration, along with 'Copy A' of each W-2, no later than February 28. **Mail to:** Social Security Administration Data Operations Center, Wilkes-Barre, PA 18769-0001.

**Errors:** If an error is discovered after the issuance of a W-2 or W-3, corrections are made using Form W-2c and Form W-3c. The corrected forms must be issued to the employee, and sent to the Social Security Administration.

**How to Obtain Forms:** An employer may order Forms W-2 and W-3 from the IRS using Form 7018-A, Employer's Order Blank for 2000 Forms. **Caution:** If forms purchased from vendors do not meet IRS guidelines, penalties may result.

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**Final W-2s / Business Closing:** Employers that go out of business are required to issue Forms W-2 to their employees by the date the final Form 941 is due (the final Form 941 is due the end of the month after the quarter in which operations end). Final Forms W-2 and W-3 to be filed with the Social Security Administration are due one month after the final Form 941 is due.

## **Employment Development Department**

### **Employment Tax**

**Tax Filing** Individual employee wages must be reported each quarter on the Quarterly Wage and Withholding Report (DE 6), on magnetic media, or on approved alternate forms. Wages can also be reported using Telefile or Electronic Data Interchange (EDI). Employers with 250 or more employees must submit their wage reports on magnetic media or by EDI.

**Form DE 6** is due as follows:

- First quarter, covering January, February and March is due April 1 and delinquent if not postmarked by April 30.
- Second quarter, covering April, May and June is due July 1 and delinquent if not postmarked by July 31.
- Third quarter, covering July, August, and September is due October 1 and delinquent if not postmarked by October 31.
- Fourth quarter, covering October, November and December is due January 1 and delinquent if not postmarked by January 31.

If you have no wages during a quarter, you're still considered an employer and required by law to sign and file form DE 6. Just check the "No Wages" box in Item C, then sign and mail the DE6. If you do not expect to pay wages within the next year, you may notify EDD by writing to us or by indicating on the DE 6 (Item D) that it is your final report. This will result in the inactivation of your account. If the DE 6 is not submitted on time, EDD will issue a written demand for the report. If the DE 6 is not submitted within 15 days of the demand date, a penalty of \$10 for each unreported wage item will be charged unless there is good cause for the delay. A penalty of \$10 for each wage item is also charged if an employer fails to report by magnetic media, when required, unless good cause exists.

**Quarterly tax payments** are due and delinquent on the same dates as the DE 6. More frequent tax payments may also be required. All tax payments should be submitted with a Payroll Tax Deposit (DE 88) coupon or by electronic funds transfer.

In addition to the DE 6, employers are required to file an **Annual Reconciliation Statement (DE 7)**. The DE 7 is due January 1 and delinquent if not postmarked by January 31. This form is used to reconcile wages reported and taxes paid for the prior calendar year. If a tax payment is due, it should be made using a DE 88 coupon. If an overpayment is indicated, it will be refunded automatically. The penalty for failure to file the DE 7 timely is \$1,000 or 5 percent of the total yearly contributions required being reconciled, whichever is less. The postmark date is used to determine the timeliness of your DE 6 and DE 7. When the last timely date falls on a Saturday, Sunday, or holiday, the next business day is considered to be the last timely date. Employers who cannot pay the contributions on or before the delinquent date should file their reports without payment or with a partial payment. Penalty and interest charges will be due on late payment of contributions.

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