

Contents:

941/944 forms
Filing Frequency
Payroll Subscription
Process 941/944 Forms
Current Period Adjustment
Monthly Tax Liabilities
Prior Period Adjustment

941 and 944 Forms Employer's Quarterly/Annual Tax Returns

Federal Income, employee/employer Social Security, and Medicare Taxes are paid monthly or quarterly during the year either to a local bank or to the U.S. Treasury by mail or online. A quarterly (**941** form) or annual (**944** form) Employer's Tax Return must be filed by the Extension Council.

941/944 Employer's Federal Tax Returns

Council has two filing options:

1. Print 941 Form from QuickBooks, or prepare manually, and mail form to designated government office.
2. Utilize the IRS government's Online **E-File method**. Enrollment with a third party Provider is required. A **fee** is paid to the Provider.
Information is located at <http://www.irs.gov/efile/article/0,,id=97966,00.html>

Filing Frequency

Employers, who withhold and pay **more** than \$1,000 annually in federal income, social security, and medicare taxes, must file the 941 Employer's Quarterly Tax Return.

Employers, who withhold and pay **less** than \$1,000 annually in federal income, social security, and medicare taxes, may be eligible to file the 944 Employer's Annual Tax Return only if the office received notification from the IRS regarding its eligibility. However, monthly or quarterly tax payments must be deposited with a local bank or paid to IRS.

Payroll Tax Subscription

If you are a **Non-Payroll Subscriber** or your office is a QuickBooks **Basic A Payroll Plan subscriber**, the 941 or 944 form must be typed manually. See [Federal Tax Forms](#) procedure on how to order forms. Refer to procedures, [Preparing Payroll Manually for Non-Payroll Subscribers](#) or [Preparing Payroll forms Manually for Basic A Payroll Subscribers](#).

If you are a QuickBooks **Standard Payroll, Enhanced A, or Enhanced B Plan subscriber**, 941 or 944 forms can be printed directly from Quickbooks (QB). You can create, edit, preview, and print the forms. Do not type the forms provided by IRS each quarter. The QB-generated payroll document prints the data and the 941 or 944 form in an acceptable IRS format.

Process 941/944 Forms in QuickBooks (for Standard, Enhanced A or B subscribers only)

In QuickBooks, go to the **Payroll Center** (Employees, Payroll Center).

- Select the **Payroll Tab**.
- Under the section, "File Tax Forms," select the **Process Payroll Forms button**.
- Click OK and select the appropriate form.
- Enter the appropriate calendar year.

Complete and print the forms. Select the appropriate paper and item to print.

Reporting Adjustments – Current Period (quarter) 941 Form

When appropriate, **current** quarter adjustments may be made on lines 7a to 7d, as noted in below sample. The most common adjustment is “fraction of cents.”

Other adjustments (wages, tax) may be made by right-clicking on the amount and then left-click on **Override**.

An explanation and supporting documentation should be **approved** by the CPD or Council Officer.

	Column 1	Column 2		
5 Taxable social security and Medicare wages and tips:				
a Taxable social security wages	4,055.24	502.90		
b Taxable social security tips				
c Taxable Medicare wages and tips	4,055.24	117.61		
d Total social security and Medicare taxes (Column 2, lines 5a + 5b + 5c = line 5d)			5 d	620.51
6 Total taxes before adjustments (lines 3 + 5d)			6	772.51
7 Tax Adjustments (Read instructions for line 7 before completing lines 7a-7h)				
a Current quarter's fractions of cents		0.01	7 a	
b Current quarter's sick pay			b	
c Current quarter's adjustments for tips and group-term life insurance			c	
d Current year's income tax withholding (attach Form 941 c)			d	
e Prior quarters' social security and Medicare taxes (attach Form 941 c)			e	
f Special additions to federal income tax (attach Form 941 c)			f	
g Special additions to social security and Medicare (attach Form 941 c)			g	
h Total Adjustments (Combine all amounts: lines 7a through 7g)			7 h	0.01
8 Total taxes after adjustments (Combine lines 6 and 7h)			8	772.52
9 Advance Earned Income Credit (EIC) payments made to employees			a	

Monthly Tax Liabilities

If the total quarterly tax liabilities (federal income, SS and Medicare), line 10 on the 941 form is less than \$2,500, then check the appropriate box for line 15. The monthly tax liabilities will not display. See sample below.

Part 2 – Tell Us About Your Deposit Schedule and Tax Liability for this Quarter

If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see Publication 15 (Circular E), section 11.

14 Enter the state abbreviation for the state where you made your deposits OR enter 'MU' if you made your deposits in multiple states. _____

15 Check one:

Line 10 is less than \$2,500. Go to Part 3.

You were a monthly schedule depositor for the entire quarter.

Enter your tax liability for each month. Then go to Part 3.

Tax Liability: Month 1 _____

Month 2 _____

Month 3 _____

Total liability for quarter _____

You were a semiweekly schedule depositor for any part of this quarter. Fill out Schedule B (Form 941): Report of Tax Liability for Semiweekly Schedule Depositors and attach it to this form.

Third Party Designee

Skip part 4, Third Party Designee

Authorized Signature

The authorized person to sign the 941 or 944 form is either the County Program Director or a Council Officer.

Payment Voucher

Complete the payment voucher only if taxes are due.

Prior Period (Quarter) Adjustment – 941 Form

When it is discovered that an error occurred on a prior quarter 941 Form previously submitted to IRS, the following documents must be submitted to report the error.

- ✚ A copy of the original 941 Form for the quarter in question.
Signed by County Program Director or Council Officer
- ✚ 941C form-Supporting Statement to Correct Information.
Signed by County Program Director or Council Officer

Complete 941c Form-Supporting Statement to Correct Information

Retrieve the 941c Form-Supporting Statement to Correct Information and complete the form. Send along with a copy of the original 941 Form.

<http://www.irs.gov/pub/irs-pdf/f941c.pdf> See "Reporting Adjustments on Form 941" instructions at end of this document for more details.

Adjust Next Quarter 941 Form

- ✚ Reduce Quarter's Liability
- ✚ Enter as **negative** amount on Line 7e – "Prior Quarter's Social Security and Medicare Taxes."

Review Reports

- ✚ Payroll Liabilities
- ✚ Unclassified Transactions
- ✚ Balance Sheet
- ✚ Funds Class Balance vs. Checking Register Balance

Liability Adjustment in Quickbooks

Depending on the nature of the tax liability error, a Liability Adjustment transaction may be required in the QuickBooks data file. Contact your Regional QuickBooks Trainer or the QuickBooks Administrator for assistance.

Reporting Adjustments on Form 941

Prior Period Adjustments

Generally, you can correct errors on prior period Forms 941 by making an adjustment on your Form 941 for the quarter during which the error was discovered. For example, if you made an error in reporting social security tax on your second quarter 2004 Form 941 and discovered the error during January 2005, correct the error by making an adjustment on your first quarter 2005 Form 941.

The adjustment increases or decreases your tax liability for the quarter in which it is reported (that is, the quarter the error is discovered) and is interest free. The net adjustments reported on Form

941 may include any number of corrections for one or more previous quarters, including both overpayments and underpayments.

You are required to provide background information and certifications supporting prior quarter adjustments. File with Form 941 a Form 941c, Supporting Statement To Correct Information, or attach a statement that shows:

- What the error was,
- Quarter in which the error was made,
- The amount of the error for each quarter,
- Date on which you found the error,
- That you repaid the employee tax or received from each affected employee a written consent to this refund or credit, if the entry corrects an overcollection, and
- If the entry corrects social security and Medicare taxes overcollected in an earlier year, that you received from the employee a written statement that he or she will not claim a refund or credit for the amount.

Do not file Form 941c separately. The IRS will not be able to process your adjustments on Form 941 without this supporting information. See the instructions for Form 941c for more information.

Income tax withholding adjustments. Correct prior quarter income tax withholding errors by making an adjustment on line 7d of Form 941 for the quarter during which you discovered the error.

Note.

You may make an adjustment to correct income tax withholding errors only for quarters during the same calendar year. This is because the employee uses the amount shown on Form W-2 as a credit when filing his or her income tax return (Form 1040, etc.).

You cannot adjust amounts reported as income tax withheld in a prior calendar year unless it is to correct an administrative error. An administrative error occurs if the amount you entered on Form 941 is not the amount you actually withheld. For example, if the total income tax actually withheld was incorrectly reported on Form 941 due to a mathematical or transposition error, this would be an administrative error. The administrative error adjustment corrects the amount reported on Form 941 to agree with the amount actually withheld from employees.

Social security and Medicare tax adjustments. Correct prior quarter social security and Medicare tax errors by making an adjustment on line 7e of Form 941 for the quarter during which you discovered the error. You may report adjustments on the current quarter Form 941 for previous quarters in the current and prior years.

Reporting prior quarter adjustments on the record of federal tax liability. Adjustments to correct errors in prior quarters must be taken into account on either Form 941, line 15, or on Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors.

If the adjustment corrects an underreported liability in a prior quarter, report the adjustment on the entry space corresponding to the date the error was discovered. If the adjustment corrects an overreported liability, use the adjustment amount as a credit to offset subsequent liabilities until it is used up.