

Who must make deposits?

Employers filing **Form 941**, Employer's Quarterly Federal Tax Return, with \$2,500 or more tax due per quarter.

Employers filing **Form 940**, Employer's Annual Federal Unemployment Tax Return (FUTA), with over \$100 tax due per quarter.

If you are required to make deposits, do not send tax payments with your tax return or directly to the IRS.

What Taxes must be deposited?

- ✓ Income tax withheld from employees
- ✓ FICA (Social Security and Medicare) tax withheld from employees, plus the employer's matching portion.
- ✓ FUTA (Federal Unemployment Tax)

Now, let's look at the easy **ABCs of FTDs**

EFTPS: Electronic Federal Tax Payment System

Q. What is it?

A. EFTPS is a system for initiating federal tax payments electronically instead of using paper coupons.

Q. Who can use it?

A. All employers may voluntarily enroll in and use EFTPS

Q. How do you enroll?

A. Call **800-945-8400** or **800-555-4477** for the enrollment form or more information or enroll online at: **www.eftps.gov**.

Q. Is new equipment needed to use EFTPS?

A. No. It can be as easy as making a phone call, or you may choose to use your personal computer. Software is provided.



Understanding Federal Tax Deposits

What are FTDs and Why are they important?

FTDs (Federal Tax Deposits) for **Form 941** are made up of withholding taxes or trust funds, which are actually part of your employees' salaries, along with the employer's matching half of FICA (Social Security and Medicare).

FTDs for **Form 940** are paid by the employer to provide for unemployment compensation to workers who have lost their jobs.

These taxes need to be paid as they become due in order to avoid a penalty.



Department of the Treasury
Internal Revenue Service
Publication 3151 (Rev. 10-2001)
Catalog Number 26404W



When to make deposits?

When to make Form 941 deposits?

Two very easy ways:

- ✓ Make a deposit the same day you make payroll;
- or
- ✓ Make the deposit any time by the due date.

If you are a new employer and have never filed Form 941, you are a **Monthly Schedule Depositor** for the first calendar year of your business. Monthly Schedule Depositors should deposit taxes from all of their paydays in a month by the 15th of the next month, even if they pay wages every week. However, any employer who has \$100,000 in accrued liability during a deposit period must make a deposit by the next banking day.

Employers with prior payroll and taxes of \$2,500 or more per quarter must determine if they make either **Monthly Schedule Deposits** or **Semiweekly Schedule Deposits**.

This determination is based on your Form 941 taxes during a four-quarter “Lookback Period.”

1. Identify your Lookback Period.

Your Lookback Period for Calendar Year 2002			
2000		2001	
July 1 to Sept. 30	October 1 to Dec. 31	January 1 to March 31	April 1 to June 30
3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.

To determine your deposit schedule for Calendar Year 2002, you “look back” to this four-quarter period.

2. Add the total taxes (line 11 of Forms 941) reported during the Lookback Period.
3. Determine your deposit schedule.

If the total taxes you reported in the Lookback Period were:	Then you are a:
\$50,000 or less	Monthly Schedule Depositor
More than \$50,000	Semiweekly Schedule Depositor

Monthly Schedule Depositors:

- ✓ Deposit each month’s taxes by the 15th day of the month after wages are paid (for example, taxes from paydays during July are deposited by August 15).

Semiweekly Schedule Depositors:

- ✓ For wages paid on Saturday, Sunday, Monday, or Tuesday, deposit by the following Friday.
- ✓ For wages paid Wednesday, Thursday, or Friday, deposit by the following Wednesday.

Remember!

- ✓ Deposit rules are based on when wages are paid, not earned. For example, Monthly Schedule Depositors with wages earned in June but paid in July, deposit August 15.
- ✓ If the due date for a deposit falls on a federal or state bank holiday or on a Saturday or Sunday, the deposit is considered timely if it is made by the close of the next banking day.

When to make Form 940 deposits?

- ✓ Deposit by the last day of the first month after the quarter ends.



How to make deposits?

1. Through the Electronic Federal Tax Payment System (EFTPS). See back panel for more information.
2. Mail or deliver Form 8109, Federal Tax Deposit Coupon, to an authorized financial institution or Financial Agent.
 - ✓ Verify your name and Employer Identification Number (EIN) on the coupon.
 - ✓ Use a separate coupon for each type of tax deposited—for example, one for Form 941 and another for Form 940.
 - ✓ Darken only one box for correct type of tax and only one for correct tax period.
 - ✓ Use only for current taxes.
 - ✓ New employers are sent an FTD coupon book after applying for their EIN.
 - ✓ IRS tracks the number of coupons used and sends more automatically.
 - ✓ Use Form 8109-B if you have no preprinted forms. You can call or visit your local IRS office to get Form 8109-B.



Where to make deposits?

- ✓ Authorized financial institution
- ✓ Mail to: Financial Agent
Federal Tax Deposit Processing
P.O. Box 970030
St. Louis, MO 63197
- ✓ Use the federal tax deposit system instead of mailing your check to IRS

For more help with making your FTDs:

- ✓ Call the IRS at 800-829-1040
- ✓ Read IRS Publication 15 (Circular E, Employer’s Tax Guide).
- ✓ Visit your local IRS office for help.
- ✓ Ask your tax advisor
- ✓ Visit the IRS on the Web at www.irs.gov