

Stress-free tips for wrapping up each quarter's payroll tasks

AT A GLANCE

Each quarter, employers must submit reports and tax returns to the federal, state, and, in some cases, local governments concerning wages paid to employees and, if necessary, make payroll tax deposits. QuickBooks can help you complete these tasks by printing appropriate forms or by providing reports that contain the information you need.

To collect the information that you (or your accountant) will need to prepare federal and state payroll tax returns, we'll:

- Prepare for the 941 form wizard by gathering information from a couple of different reports.
- Step through the 941 form wizard so you can quickly and accurately generate a 941 form.
- Discuss a few other payroll tasks that deal with the FUTA tax and state tax liabilities.
- Summarize the payroll tax report information with a little help from Microsoft Excel.

The tasks you need to fulfill at the close of each payroll quarter may differ depending on your location. You'll find that some state and local governments require that you file an income or occupational tax return, while most states require a state unemployment tax return. Once you consult your accountant about what information you need and which forms you should submit, you can use QuickBooks to help get the tasks done quickly. You'll save time and rest assured that you've done everything correctly.

Tackle the 941 quarterly tax return

Federal Form 941, the Employer's Quarterly Federal Tax Return, reports information on FIT, Social Security

and Medicare taxes for the quarter, as shown in **Figure 1**. The requirements for your tax forms and procedures partially depend on whether you're a semi-weekly or monthly depositor.

Form 941 for 2005: Employer's Quarterly Federal Tax Return
Department of the Treasury - Internal Revenue Service

OMB No. 1545-0045 9701

Employee identification number: 00-7904153

Name (and last four digits): Carl's Computer Shop

Address: 1143 Dahlia Avenue
East Bayshore CA 94326

Report for this Quarter: (Check one)
 1: January, February, March
 2: April, May, June
 3: July, August, September
 4: October, November, December

Part 1: Answer these questions for this quarter.

1	Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), Dec. 12 (Quarter 4)	1	2
2	Wages, tips, and other compensation	2	18,840.02
3	Total income tax withheld from wages, tips, and other compensation	3	2,445.20
4	If no wages, tips, and other compensation are subject to social security or Medicare tax	<input type="checkbox"/> Check and go to line 6.	
5	Taxable social security and Medicare wages and tips	Column 1	Column 2
5a	Taxable social security wages	18,840.02 x .124 =	2,336.16
5b	Taxable social security tips	x .124 =	
5c	Taxable Medicare wages & tips	18,840.02 x .029 =	546.36
5d	Total social security and Medicare taxes (Column 2, lines 5a + 5b + 5c + the 5c)	5d	2,882.52
6	Total taxes before adjustments (lines 2 + 5d + line 6)	6	5,327.72
7	Tax adjustments if your answer is a negative number, enter it with a minus sign:		
7a	Current quarter's fractions of cells		
7b	Current quarter's sick pay		
7c	Current quarter's adjustments for tips and programs for locum tenens		
7d	Current year's income tax withholding (Attach Form 941-c)		
7e	Prior quarter's social security and Medicare taxes (Attach Form 941-c)		
7f	Special additions to Federal income tax (Reserved use)		
7g	Special additions to social security and Medicare (Reserved use)		
7h	Total adjustments (Combine all amounts: lines 7a through 7g)	7h	
8	Total taxes after adjustments (Combine lines 6 and 7h)	8	5,327.72

1: You can use a wizard to fill in Federal Form 941.

Insider Information:

You can find the rules governing whether you're a semi-weekly or monthly depositor in the IRS Publication 15, Circular E. If you can't find your copy of the Circular E, you can download a copy from the IRS Web site at www.irs.gov.



At Warinner Consulting, we specialize in QuickBooks accounting. Whether you are an accountant or small business owner, we can help you if you run into trouble with QuickBooks.

We can do all of your bookkeeping for you or diagnose your QuickBooks problems, identify training issues and provide solutions.

Call us toll free at 877-933-0404 to discuss how we can help.

Requirements for semi-weekly depositors

If you're a semi-weekly depositor, you must file Federal Form 941 and Federal Form 941 Schedule B, Employer's Record of Federal Tax Liability, which reports the amount of each payroll tax liability on the day you incurred the liability, as shown in **Figure 2**. On this form, you're reporting the day you incurred the payroll tax liability — not the day you made the payroll tax deposits.

Requirements for monthly depositors

If you're a monthly depositor, you must file Federal Form 941, but not Federal Form 941B. If you haven't paid your entire liability by the time you file the return, you must also enclose a check for the balance of your liability along with the return.

Run the reports you need

QuickBooks contains a wizard that walks you through the preparation of Form 941 and Schedule B. After you answer the questions presented in the wizard, you can print Form 941 and, if appropriate, Schedule B, on plain paper — the IRS accepts the format QuickBooks uses.

Before you actually run the wizard, however, you may want to print some reports in QuickBooks to help you answer the wizard's questions. We suggest you customize the Payroll Summary so that it shows only totals for the current quarter.

To customize and print the Payroll Summary report:

1. Choose Reports | Employees & Payroll | Payroll Summary from the menu bar to view the report.
2. Click the Modify Report button and select the Display tab in the Modify Report: Payroll Summary dialog box.
3. Choose Last Calendar Quarter from the Dates dropdown list, since you typically run this report after the quarter ends for the preceding quarter.
4. From the Display Columns By dropdown list, choose Total Only.
5. Deselect both the Hours and Rate check boxes, as shown in **Figure 3**, and click OK.

When you print the report, it should look like the one shown in **Figure 4**.

If you don't prepare your own 941 report, you may want to stop at this point and simply give this information to your accountant. If you want to see QuickBooks' version of the 941, use the 941 wizard. You can also use the wizard to print the 941 and give your accountant the printed copy along with the reports. If you choose to do this, don't make any adjustments; let your accountant tell you what adjustments to make, since you can edit the 941 in QuickBooks.

To launch the QuickBooks wizard that generates the 941 form:

1. Choose Employees | Process Payroll Forms from the menu bar to open the Select Form Type dialog box.
2. Select the Federal Form option button and click OK to display the Select Payroll Form window.
3. Choose Quarterly Form 941/ Schedule B, specify the ending date for the quarter in the Select Filing Period panel and then click OK.

To step through the 941 form wizard:

1. The first screen of the 941 wizard appears; enter the state code for the state in which you make deposits.
2. Select any check boxes that apply — for instance, if you aren't filing 941 forms in the future or if you're a seasonal employer. Click Next.

Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Tax liability for Month
Month 1																																1,915.24
Month 2																																1,851.99
Month 3																																1,832.84

2: You need to file Federal Form 941B only if you're a semi-weekly depositor.

Modify Report: Payroll Summary

Display Filters Header/Footer Fonts & Numbers

Report Date Range

Dates: Last Calendar Quarter From the first day through the last day of last quarter

From: 07/01/2007 To: 09/30/2007

Columns

Display columns by: Total only across the top.

Add subcolumns for

Previous Period Previous Year Year-To-Date % of Row % of Column

\$ Change % Change % of YTD Hours Rate

Advanced... Revert

OK Cancel Help

3: Modify the Payroll Summary to display totals only.

3. The wizard displays a summary of Lines 1-13, as shown in **Figure 5**. You can compare the numbers you see to the numbers on the Payroll Summary report you printed earlier.

Make Adjustments: If you need to adjust one of the values in the form, you can right-click on the value and choose Override from the resulting shortcut menu.

4. Click Next to display the summary for Lines 14-17. The screen showing the summary for Lines 14-17 looks similar to the screen showing the summary for Lines 1-13.
5. If you're a semi-weekly depositor, click Next and QuickBooks will produce the Schedule B of Form 941, which shows the payroll liability by day of the month. You can adjust the value QuickBooks calculates for each day by clicking that day and typing your adjustment at the bottom of the box. The Schedule B screen shows you the total liabilities for each month.
6. When you click Next, QuickBooks displays the last screen of the 941 wizard, where you can ready the

filing and printing instructions for your forms. Refer to **Figures 1** and **2** to see the completed Form 941 and the completed Schedule B.

7. Click the Print Forms button to print your forms or click the Save As PDF to create a PDF file that you can store on your hard drive.

Hot tip: If you print the form, print it on plain paper; the IRS accepts the form that QuickBooks prints.

Deal with errors

If you try to print or save the forms, QuickBooks informs you if there's an error. If so, you should click the Previous button to move to earlier wizard

screens. Then, click the Check For Errors button. When you do so, QuickBooks displays your errors at the top of the wizard screen, as shown in **Figure 6**. You can click on an error and QuickBooks jumps to the error so you can override it with an accurate value.

The FUTA report

If your cumulative FUTA liability exceeds \$500 for the quarter, you're required to make a payroll tax deposit for your FUTA liability. If your cumulative FUTA liability is less than \$500, you can carry it over to the next quarter. However, many employers find it easier to make a deposit each quarter.

Employee Wages, Taxes and Adjustments	
Gross Pay	
Officer's Salaries	10,000.02
Hourly Regular Rate	8,738.00
Hourly Sick Rate	102.00
Commission	0.00
Total Gross Pay	18,840.02
Adjusted Gross Pay: 18,840.02	
Taxes Withheld	
Federal Withholding	-2,445.20
Medicare Employee	-262.58
Social Security Employee	-1,262.63
CA - Withholding	-917.05
CA - Disability Employee	-169.54
Total Taxes Withheld	-5,057.00
Net Pay	13,783.02
Employer Taxes and Contributions	
Federal Unemployment	150.68
Medicare Company	273.19
Social Security Company	1,356.47
CA - Unemployment Company	340.02
CA - Employment Training Tax	0.00
Total Employer Taxes and Contributions	2,120.36

4: This report shows you the totals for your payroll information for the current quarter.

1	Number of employees who received wages, tips, or other compensation for the pay period including March 12 (Quarter 1), June 12 (Quarter 2), September 12 (Quarter 3), December 12 (Quarter 4)	1	2
2	Wages, tips, and other compensation	2	18,840.02
3	Total income tax withheld from wages, tips, and other compensation	3	2,445.20
4	If no wages, tips, and other compensation are subject to social security or Medicare tax, check here and go to line 6		
5	Taxable social security and Medicare wages and tips:		
	Column 1	Column 2	
a	Taxable social security wages	18,840.02 × .124 =	2,336.16
b	Taxable social security tips	× .124 =	
c	Taxable Medicare wages and tips	18,840.02 × .029 =	546.36
d	Total social security and Medicare taxes (Column 2, lines 5a + 5b + 5c = line 5d)	5d	2,882.52
6	Total taxes before adjustments (lines 3 + 5d = line 6)	6	5,327.72
7	Tax adjustments:		
a	Current quarter's fractions of cents	7a	
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 (reserved use)	f	
g	Special additions to social security and Medicare (reserved use)	g	
h	Total adjustments (Combine all amounts: lines 7a through 7g)	7h	

5: QuickBooks shows you the numbers it will supply for lines 1-13 on the 941 form.

There are 3 errors in your form. Click an error description below to go to the field in error.

- Schedule B: Quarter Total Liability does not equal the total quarter liability on line 10, page 1 of Form 941. You must make the necessary adjustments to reconcile the amounts.
- Form 941: Overpayment boxes - Check one of the two boxes to request a refund or have your overpayment applied to the next return.
- Form 941: Total taxes adj by EIC (line 10) does not equal the total quarter liability on Schedule B. You must make the necessary adjustments to reconcile the amounts.

2	9	16	23	30	916.42
3	10	17	24	31	
4	11	18	25		
5	12	19	26		
6	13	20	27		
7	14	21	28		

Tax liability for Month 3: 1,832.84

Enter your total liability for the quarter (Month 1 + Month 2 + Month 3) equals total tax liability for the quarter: 5,600.07

Total must equal line 10 on Form 941 (or line 8 on Form 941-SS).

6: QuickBooks finds any errors for you and prompts you to fix them before you print or save the tax forms.

QuickBooks contains a wizard that helps you complete the 940 Tax Return, which you file only at the end of the year. You also can use the wizard to display your balance due at the end of each quarter.

State tax liabilities

Some states collect a state income tax, and most states collect a state unemployment tax on a quarterly basis. QuickBooks doesn't contain any special tools to complete the tax returns that report this information, but you can print the same report we produced in **Figure 4** to obtain the information you need to complete the returns, since it contains both state income tax and state unemployment tax figures.

For some returns, many states require a breakdown by employee; to get this information, you can customize the Employee Earnings Summary report.

To customize and print the Employee Earnings Summary report:

1. Choose Reports | Employees & Payroll | Employee Earnings Summary from the menu bar to view the report.

Print state tax forms:
 You can also use QuickBooks to handle your state tax forms depending on your tax service. Many advanced payroll systems allow you to generate documents such as withholding forms and SUTA forms.

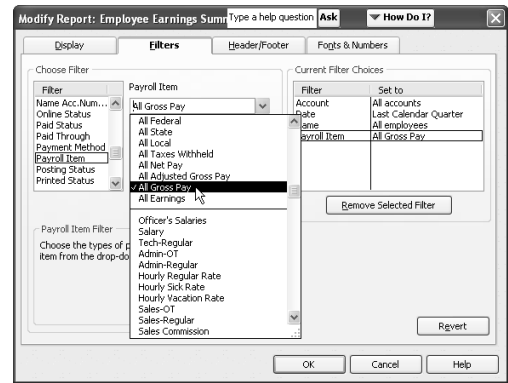
2. Click the Modify Report button and choose Last Calendar Quarter from the Dates dropdown list.
3. Select the Filter tab and select Payroll Item from the Filter scroll box. Then, choose All Gross Pay from the Payroll Item dropdown list, as shown in **Figure 7**.
4. Click OK to apply the changes to the report.

When you print the report; notice that the Total column ties back to the total gross wages you reported on your 941 report.

Let Excel lend a hand with payroll information

If you're comfortable with and have access to Microsoft Excel, you'll probably find it easiest to obtain state payroll tax information by choosing Reports | Employees & Payroll | Summarize Payroll Data In Excel from the menu bar. QuickBooks

opens an Excel workbook — the workbook contains macros, so you may need to enable macros in Excel to view the workbook — that lets you select a period and import data from QuickBooks into preformatted worksheets. The State Wage Listing worksheet contains information required by many states, as shown in **Figure 8**.



7: Filter the Employees Earnings Summary to show only Gross Pay.

	A	B	C	D	E	F
1	State Wage Listing					
2	Name Type	Employee				
3	Tax tracking type	SUI Company				
4						
5	Data					
6	Payroll Item	SSN/Tax ID	Transaction Name	Wages	Excess Wages	W
7	CA - Unemployment Company	111-22-3333	Damon Levy	10,000.02	10,000.02	
8		333-44-5555	Ravi T. Bellur	8,840.00	8,840.00	
9	CA - Unemployment Company Total			18,840.02	18,840.02	
10						
11						

8: If you have access to Excel, you can use this preformatted worksheet to collect state-required information.



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