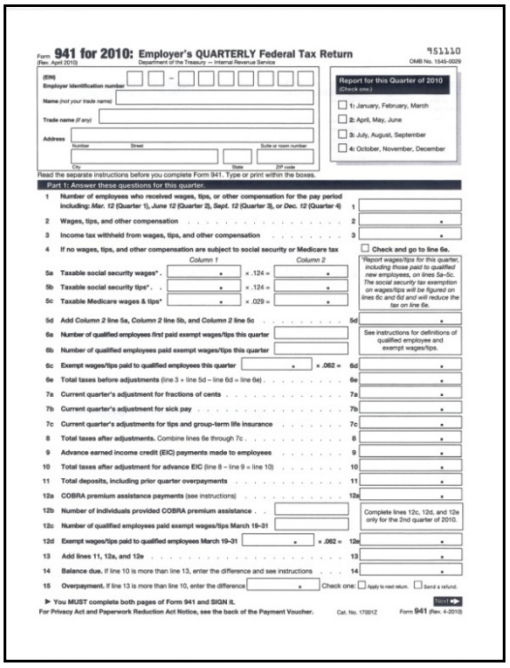
941 Quarterly Federal Tax Report

Quick Tips



Form 941 for 2010: Employer's QUARTERLY Federal Tax Return

Department of the Treasury – Internal Revenue Service

OMB No. 1545-0029

Report for this Quarter of 2010 (Check one.)

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Read the separate instructions before you complete Form 941. Type or print within the boxes.

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), or Dec. 12 (Quarter 4)

2 Wages, tips, and other compensation

3 Income tax withheld from wages, tips, and other compensation

4 If no wages, tips, and other compensation are subject to social security or Medicare tax — Check and go to line 6e.

5a Taxable social security wages* × .124 =

5b Taxable social security tips* × .124 =

5c Taxable Medicare wages & tips* × .029 =

5d Add Column 2 line 5a, Column 2 line 5b, and Column 2 line 5c

6a Number of qualified employees first paid exempt wages/tips this quarter

6b Number of qualified employees paid exempt wages/tips this quarter

6c Exempt wages/tips paid to qualified employees this quarter × .062 =

6e Total taxes before adjustments (line 3 + line 5d – line 6d = line 6e)

7a Current quarter's adjustment for fractions of cents

7b Current quarter's adjustment for sick pay

7c Current quarter's adjustments for tips and group-term life insurance

8 Total taxes after adjustments. Combine lines 6e through 7c

9 Advance earned income credit (EIC) payments made to employees

10 Total taxes after adjustment for advance EIC (line 8 – line 9 = line 10)

11 Total deposits, including prior quarter overpayments

12a COBRA premium assistance payments (see instructions)

12b Number of individuals provided COBRA premium assistance

12c Number of qualified employees paid exempt wages/tips March 19–31

12d Exempt wages/tips paid to qualified employees March 19–31 × .062 =

13 Add lines 11, 12a, and 12e

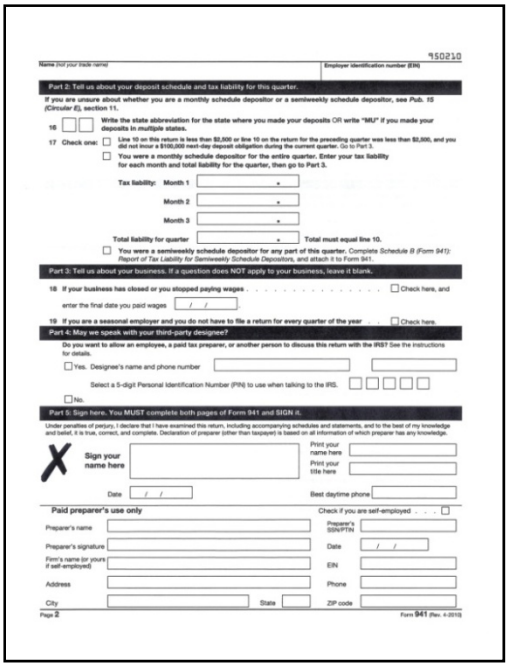
14 Balance due. If line 10 is more than line 13, enter the difference and see instructions

15 Overpayment. If line 13 is more than line 10, enter the difference — Check one: Apply to next return. Send a refund.

You MUST complete both pages of Form 941 and SIGN it.

For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.

Cat. No. 17001Z Form 941 (Rev. 4-2010)



Part 2: Tell us about your deposit schedule and tax liability for this quarter.

16 Write the state abbreviation for the state where you made your deposits OR write "MU" if you made your deposits in multiple states.

17 Check one:

Tax liability: Month 1

Month 2

Month 3

Total liability for quarter — Total must equal line 10.

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

Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.

18 If your business has closed or you stopped paying wages — Check here, and enter the final date you paid wages

19 If you are a seasonal employer and you do not have to file a return for every quarter of the year — Check here.

Part 4: May we speak with your third-party designee?

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

Yes. Designee's name and phone number

Select a 5-digit Personal Identification Number (PIN) to use when talking to the IRS.

No.

Part 5: Sign here. You MUST complete both pages of Form 941 and SIGN it.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign your name here — Print your name here — Print your title here

Date — Best daytime phone

Paid preparer's use only — Check if you are self-employed

Preparer's name — Preparer's SSN/PTN

Preparer's signature — Date

Firm's name (or yours if self-employed) — EIN

Address — Phone

City — State — ZIP code

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Explanation of each line item

- Line 1: The system automatically pulls the number of employees who had payrolls processed in the pay period that included the 12th day of the last month in the quarter specified.
- Line 2: The system automatically pulls in total gross wages processed during the quarter specified. This can be verified by looking at the Federal Tax report's Wages Subject To Federal/State/School Tax column total.
- Line 3: The system automatically pulls in the total amount the system calculated and withheld in Federal withholdings plus any Supplemental Federal amounts withheld. This can be verified by looking at the 941 Schedule B's Federal and Supplemental Withholdings.
- Line 4: Check this box if there are no wages, tips or other compensation subject to Social Security or Medicare tax. If this question does not apply to you, leave the box blank.
- Line 5a: The system automatically pulls in total taxable Social Security gross wages during the quarter specified. This can be verified by looking at the Federal Tax report's Wages Subject To Social Security Tax. The system takes the total amount of wages subject to Social Security tax and multiplies it by the set percentage of 12.4% (employees' share 6.2% and employer's share 6.2%). The amount of Social Security tax that the system actually withheld can be verified by checking the 941 Schedule B's Employee and Employer FICA Social Security.
- Line 5b: This line will be zero unless a figure was keyed in on the manual entry screen. The system takes the total amount of taxable Social Security tips and multiplies it by the set percentage of 12.4% (employees' share 6.2% and employer's share 6.2%).
- Line 5c: The system automatically pulls in total taxable Medicare wages and tips during the quarter specified. This can be verified by looking at the Federal Tax report's Wages Subject To Combined FICA Medicare and Medicare Tax. The system takes the total amount of wages subject to Medicare tax and multiplies it by the percentage of 2.9% (employees' share 1.45% and employer's share 1.45%). The amount of Medicare tax that the system actually withheld can be verified by checking the 941 Schedule B's Employee and Employer FICA Medicare and Medicare.
- Line 5d: System adds Column 2 line 5a, Column 2 line 5b and Column 2 line 5c to calculate total Social Security and Medicare tax that should have been withheld. The total amount that the system actually withheld can be verified by looking at the 941 Schedule B's Employee and Employer FICA Social Security, FICA Medicare and Medicare.
- Lines 6a - 6d: Government entities do not qualify for the tax exemption or tax credit so these lines will always report blank for UAN clients.
- Line 6e: This is the total taxes before any adjustments. (line 3 + line 5d - line 6d = line 6e)
- Line 7a: This line contains any difference between the total calculated amounts of Social Security and Medicare (line 5d) compared to what the system actually withheld. This usually will only contain fraction of cents due to the

multiplication and rounding of the tax when computed separately for each wage record in the system.

- **If there are more than fraction of cents in line 7a, there are the following possibilities:**
  1. Medicare was not set up on one or more employees for a period of time but should have been.
  2. Withholding amounts for Federal, Medicare, and/or Social Security were edited to deduct a different amount than the system's calculated amount.
  3. A percentage was edited or modified from the set rate. For example, the percentage of Social Security and/or Medicare tax to be withheld was modified causing the system to withhold a larger or smaller amount of each.
  4. Something was processed on the accounting side.
- Lines 7b: Adjustment for sick pay for employee share of social security and Medicare taxes that were withheld by your third-party sick pay payer.
- Line 7c: Adjustment for tips and group-term life insurance any uncollected employee share of social security and Medicare taxes on tips and/or on group-term life insurance premiums paid for former employees.
- Line 8: The system totals lines 6e and 7c to calculate total taxes after adjustments.
- Line 9: The system pulls in any earned income credit (EIC) amounts.
- Line 10: The system subtracts line 9 from line 8 to calculate the total taxes after adjustments for advance EIC.
- Line 11: The system pulls in total deposits for the quarter by adding the Federal withholding payments posted for each month of the quarter.
- **If you have an unknown discrepancy between line 10 (total taxes) and line 11 (total deposits), below are some possible reasons:**
  1. The Federal withholding payment was not processed in the same month as the employee's payroll checks. For example, payroll was done in the month of March, but the Federal withholding payment was processed in the month of April. The system will not pull that Federal withholding payment amount into line 11 for the first quarter. It will pull it into the Second Quarter 941 report. Line 11 would then need to be edited. *It is highly recommended, if possible, that the withholding payment be processed at the end of the month and quarter.*
  2. The Federal withholding payment was not processed for the correct amount. If the wrong months of withholding taxes were selected when the withholding payment was generated, the withholding payment amount would not have been correct. For example, the payroll was for a date earned in March, but the employees' payroll check dates were in April. The Federal withholdings would have been reportable in April. When the March withholding payment was processed, the April payroll date paid should not have been selected. If it was, the Federal withholding payment would have been over.
  3. The Federal withholding payment was processed through the accounting side of the software.
- Line 12a: For additional information please refer to the COBRA Premium Assistance Payments memo included in Version 13.2 and the following IRS links:
  http://www.irs.gov/newsroom/article/0,,id=204709,00.html
  http://www.irs.gov/newsroom/article/0,,id=204708,00.html
- Line 12b: Enter total number of individuals that provided COBRA premium assistance payments reported on line 12a.
- Lines 12c - 12e: Government entities do not qualify for the tax exemption or tax credit so these lines will always report blank for UAN clients.
- Line 13: Add lines 11, 12a and 12e
- Line 14: Balance due - The system subtracts line 13 from line 10 to calculate the balance due.
- Line 15: Overpayment - This line will have an amount if total payments on line 13 are greater than total taxes on line 10.
- Line 16: The system automatically pulls in the 2-digit state abbreviation.
- Line 17: The system automatically pulls in the total amount of Federal, Supplemental Federal, Medicare (employees' and employer's share), and Social Security (employees' and employer's share) withheld for each month of the quarter being reported. These amounts can be verified using the Withholding Summary report or Withholding History report.
- **Note:** The system will only pull the tax liability into the boxes for each month of the quarter in line 17 if the monthly depositor selection box is checked. If either of the other two selection boxes is checked, the system will not pull the tax liability into the boxes for each month of the quarter in line 17.
- Line 18: Check this box if your business has closed and you do not have to file returns in the future. Also, enter the final date you paid wages.
- Line 19: Check this box if you are a seasonal employer and you do not have to file a return for every quarter of the year.

Note: The **Reset Data** button should be used when the 941 report has been previously processed. The reset option will recalculate the 941 with the latest information in the system.