



944 Yearly Federal Tax Report

Quick Tips



❖ Explanation of each line item

- **Line 1:** The system automatically pulls in total gross wages processed during the year specified. This can be verified by looking at the fourth quarter Federal Tax report's YTD Total All Employees for Wages Subject To Federal/State/School Tax.
 - **Line 2:** 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. (Note: Print the 941 Schedule B report for each quarter and add together the totals for Federal and Supplemental Withholdings from each report.)
 - **Line 3:** 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 4a:** The system automatically pulls in total taxable Social Security gross wages during the year specified. This can be verified by looking at the fourth quarter Federal Tax report's YTD Total All Employees for 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 10.4% (employees' share 4.2% 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 column totals. (Note: Print the 941 Schedule B for each quarter and add together the totals for Employee and Employer FICA Social Security from each report.)
 - **Line 4b:** 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 10.4% (employees' share 4.2% and employer's share 6.2%).
 - **Line 4c:** The system automatically pulls in total taxable Medicare wages and tips during the year 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 column totals. (Note: Print the 941 Schedule B for each quarter and add together the totals for Employee and Employer FICA Medicare and Medicare from each report.)
 - **Line 4d:** The system adds lines 4a, 4b and 4c 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 column totals. (Note: Print the 941 Schedule B for each quarter and add together the totals for Employee and Employer FICA Social Security, FICA Medicare and Medicare from each report.)
 - **Line 5:** This is the total taxes before any adjustments. It is the total of lines 2 and 4d.
 - **Line 6:** Current year's adjustments
 - **Line 7:** The system totals lines 5 and 6 to calculate total taxes after adjustments.
 - **Line 8:** The system pulls in total deposits for the year by adding the Federal withholding payments posted for each month of the year.
- If you have an unknown discrepancy between line 7 (total taxes) and line 8 (total deposits), below are some possible reasons:**
1. The Federal withholding payment was not processed in the same year as the employee's payroll checks. For example, payroll was posted in the month of December, but the Federal withholding payment was processed in the month of January of the following year. The system will not pull December Federal withholding payment amount into line 10 for the year. It will pull it into the following year's 944 report. Line 10 would then need to be edited.
 2. The Federal withholding payment was processed through the accounting side of the software.
- **Line 9a:** For additional information please refer to 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 9b:** Enter total number of individuals that provided COBRA premium assistance payments reported on line 9a.
 - **Line 10:** Add lines 8 and 9a
 - **Line 11:** Balance due – The system subtracts line 10 from line 7 to calculate the balance due.
 - **Line 12:** Overpayment – This line will have an amount if total deposits on line 10 are greater than total taxes on line 7.



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- **Line 13:** 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 year being reported. These amounts can be verified using the Withholding Summary report or Withholding History report.
 - **Note:** The system will automatically check one of the selection boxes depending on your yearly tax liability. For example, if your tax liability for the year is greater than \$2,500, the system will automatically check the box titled 'Line 9 is \$2,500 or more, fill out your tax liability for each month'. The system will then pull the tax liability into the boxes for each month of the year in line 13.
 - **Line 14:** The system automatically pulls in the 2-digit state abbreviation.
 - **Line 15:** 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.
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- **Note:** The **Reset Data** button should be used when the 944 report has been previously processed. The reset option will recalculate the 944 with the latest information in the system.