

Chapter

11

College  
Accounting

CHAPTERS 1-11



**Skyline College**

PRICE / HADDOCK / BROCK

# Payroll Taxes

**The payroll register provides information about wages subject to payroll taxes.**

# Who Deposits Payroll Taxes

**Employers make tax deposits for**

- **Federal income tax withheld from employee earnings**
- **Employees' share of social security and Medicare taxes withheld from earnings**
- **Employer's share of social security and Medicare taxes**

**There are two ways to deposit payroll taxes:**

- **Electronic Federal Tax Payment System (EFTPS)**
- **Federal Tax Deposit Coupon**

## **The frequency of deposits depends on**

- **the amount of tax liability, and**
- **the amount reported in the lookback period.**

**For simplicity this textbook uses \$2,500 as the tax liability threshold.**

**The lookback period is a four-quarter period ending on June 30 of the preceding year.**

Is the amount owed less than \$2,500?

Yes

The payment is due quarterly with the payroll tax return.

No

The schedule is determined from the total taxes reported during the lookback period.

**Is the amount reported in the lookback period less than or equal to \$50,000?**

**Yes**

The employer is subject to the Monthly Deposit Schedule Rule.

**No**

The employer is subject to the Semiweekly Deposit Schedule Rule.

**For new employers with no lookback period, if the amount owed is \$2,500 or more, payments are due under the Monthly Deposit Schedule Rule.**

**Is pay day a Wednesday, Thursday, or Friday?**

**Yes**

The deposit is due on the following Wednesday.

**No**

The deposit is due on the following Friday.

**If the total accumulated tax liability reaches \$100,000 or more on any day, a deposit is due on the next banking day.**

## Employer's Social Security and Medicare Tax Expenses

Remember that both employers and employees pay social security and Medicare taxes.

	Employee (Withheld)	Employer (Matched)
Social security	\$139.35	\$139.35
Medicare	32.58	32.58
	<u>\$171.93</u>	<u>\$171.93</u>
<b>Total</b>		<b>\$343.86</b>



# Record Employer's Payroll Taxes

**Payroll Taxes Expense**

**Social Security Tax Payable**

**Medicare Tax Payable**

+  
**171.93**

+  
**139.35**

+  
**32.58**

***On January 8 Kent Furniture and Novelty Co. recorded the employer's share of social security and Medicare taxes.***

**At the end of January, the accounting records for Kent Furniture and Novelty Co. contained the following information.**

	<b>Employee (Withheld)</b>	<b>Employer (Matched)</b>	<b>Total</b>
<b>Social security</b>	<b>\$ 557.40</b>	<b>\$557.40</b>	<b>\$1,114.80</b>
<b>Medicare</b>	<b>130.32</b>	<b>130.32</b>	<b>260.64</b>
<b>Federal income tax</b>	<b>620.00</b>	<b>--</b>	<b>620.00</b>
<b>Total</b>	<b>\$1,307.72</b>	<b>\$599.76</b>	<b>\$1,995.44</b>

**The tax liability which will be deposited is \$1,995.44.**

## **Recording the Payment of Taxes Withheld**

**The amount reported in the lookback period was less than \$50,000.**

**Therefore, Kent Furniture and Novelty Co. is on a monthly payment schedule.**

**A tax payment is due on the 15th day of the following month, February 15.**

# Payroll Tax Deposit

<b>Social Security Tax Payable</b>	<b>Medicare Tax Payable</b>	<b>Employee Income Tax Payable</b>	<b>Cash</b>
- <b>1114.80</b>	- <b>260.64</b>	- <b>620.00</b>	- <b>1995.44</b>

# Employer's Quarterly Federal Tax Return

**Form 941 is the Employer's Quarterly Federal Tax Return. It is a preprinted government form.**

- **The due date for Form 941 is the last day of the month following the end of each calendar quarter.**
- **If the taxes for the quarter were deposited when due, the due date is extended by 10 days.**

# Completing Form 941

**Form 941**  
(Rev. October 2000)  
Department of the Treasury  
Internal Revenue Service

**Employer's Quarterly Federal Tax Return**  
▶ See separate instructions for information on completing this return.  
Please type or print.

OMB No. 1545-0029

Enter state code for state in which deposits were made **only** if different from state in address to the right ▶ (see page 2 of instructions).

Name (as distinguished from trade name) **Sarah Kent**  
Date quarter ended **March 31, 20--**  
Employer identification number **75-1234567**  
City, state, and ZIP code **Dallas, TX 75232**

FF  
FD  
FP  
I  
T

If address is different from prior return, check here ▶

IRS Use

If you do not have to file returns in the future, check here ▶ and enter date final wages paid ▶  
If you are a seasonal employer, see **Seasonal employers** on page 1 of the instructions and check here ▶

1 Number of employees in the pay period that includes March 12th ▶ **5**

6c	6d	7a	7b
7 Taxable Medicare wages and tips	29,480.00	738.92	
8 Total social security and Medicare taxes (add lines 6b, 6d, and 7b). Check here if wages are not subject to social security and/or Medicare tax ▶	8	3,898.44	
9 Adjustment of social security and Medicare taxes (see instructions for required explanation)			

● Use the preprinted form if it is available. Otherwise, enter the employer's name, address, and identification number at

the top of Form 941. Enter the date the quarter ended.

# Completing Form 941

Form **941**  
(Rev. October 2000)  
Department of the Treasury  
Internal Revenue Service

## Employer's Quarterly Federal Tax Return

▶ See separate instructions for information on completing this return.

Please type or print.

Enter state code for state in which deposits were made **only** if different from state in address to

**Sarah Kent** (or trade name)  
**Kent Furnishings and Novelty Co.**  
**5901 Lake June Road**  
**Dallas, TX 75232**

Date quarter ended **March 31, 20--**  
Employer identification number  
**75-1234567**  
City, state, and ZIP code

OMB No. 1545-0029

T  
FF  
FD  
FP

- The remainder of the form is completed using the data on the quarterly summary earnings records.

If address is different from prior return, check here

IRS Use

1	1	1	1	1	1	1	1	2	3	3	3	3	3	3	3	3	4	4	4	5	5	5	
6	7	8	8	8	8	8	8	8	9	9	9	9	9	9	9	9	10	10	10	10	10	10	10

If you do not have to file returns in the future, check here  and enter date final wages paid ▶  
If you are a seasonal employer, see **Seasonal employers** on page 1 of the instructions and check here ▶

<b>1</b>	Number of employees in the pay period that includes March 12th	▶	<b>5</b>	
<b>2</b>	Total wages and tips, plus other compensation		<b>28,217.00</b>	
<b>3</b>	Total income tax withheld from wages, tips, and sick pay		<b>2,015.00</b>	
<b>4</b>	Adjustment of withheld income tax for preceding quarters of calendar year			
<b>5</b>	Adjusted total of income tax withheld (line 3 as adjusted by line 4—see instructions)		<b>2,249.00</b>	
<b>6</b>	Taxable social security wages	6a	<b>25,480.00</b>	× 12.4% (.124) =
	Taxable social security tips	6c		× 12.4% (.124) =
<b>7</b>	Taxable Medicare wages and tips	7a	<b>25,480.00</b>	× 2.9% (.029) =
<b>8</b>	Total social security and Medicare taxes (add lines 6b, 6d, and 7b). Check here if wages are not subject to social security and/or Medicare tax <input type="checkbox"/>	<b>8</b>	<b>3,898.44</b>	
<b>9</b>	Adjustment of social security and Medicare taxes (see instructions for required explanation)			

# Wage and Tax Statement, Form W-2

**Form W-2 is a Wage and Tax Statement. It contains information about an employee's earnings and tax withholdings for the year.**



# Wage and Tax Statement, Form W-2

a Control number		Void <input type="checkbox"/>		For Official Use Only ▶ OMB No. 1545-0008		
b Employer identification number 75-1234567		1 Wages, tips, other compensation <b>20,800.00</b>		2 Federal income tax withheld <b>988.00</b>		
c Employer's name, address, and ZIP code <b>Kent Furniture and Novelty Co. 5910 Lake June Road Dallas, TX 75232</b>		3 Social security wages <b>20,800.00</b>		4 Social security tax withheld <b>1,289.60</b>		
		5 Medicare wages and tips <b>20,800.00</b>		6 Medicare tax withheld <b>301.60</b>		
		7 Social security tips		8 Allocated tips		
d Employee's social security number 123-XX-XXXX		9 Advance EIC payment		10 Dependent care benefits		
e Employee's name (first, middle initial, last) <b>Alicia Martinez 1712 Windmill Hill Lane Dallas, TX 75232</b>		11 Nonqualified plans		12 Benefits included in box 1		
		13 See instrs. for box 13		14 Other		
f Employee's address and ZIP code		15 Statutory employee <input type="checkbox"/>		Deceased <input type="checkbox"/>		
		Pension plan <input type="checkbox"/>		Legal rep. <input type="checkbox"/>		
		Deferred compensation <input type="checkbox"/>				
16 State	Employer's state I.D. no.	17 State wages, tips, etc.	18 State income tax	19 Locality name	20 Local wages, tips, etc.	21 Local income tax
TX	12-9876500	20,800.00				

**Form W-2 Wage and Tax Statement 20--**  
 Department of the Treasury—Internal Revenue Service  
 Copy A For Social Security Administration—Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.  
 For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.  
 Cat. No. 10134D

# Annual Transmittal of Wage and Tax Statements, Form W-3

**Form W-3 is the Transmittal of Wage and Tax Statements. It is a preprinted government form submitted with Forms W-2 to the Social Security Administration.**

# Transmittal of Wage and Tax Statements, Form W-3

a Control number <b>33333</b>		For Official Use Only ▶ OMB No. 1545-0008	
b Kind of Payer ▶	941 <input checked="" type="checkbox"/> 943 <input type="checkbox"/>	1 Wages, tips, other compensation <b>116,870.00</b>	2 Federal income tax withheld <b>8,060.00</b>
	CT-1 <input type="checkbox"/> Hshld. emp. <input type="checkbox"/> Medicare govt. emp. <input type="checkbox"/>	3 Social security wages <b>116,870.00</b>	4 Social security tax withheld <b>7,246.20</b>
c Total number of Forms W-2 <b>5</b>	d Establishment number	5 Medicare wages and tips <b>116,870.00</b>	6 Medicare tax withheld <b>1,694.16</b>
e Employer identification number <b>75-1234567</b>		7 Social security tips	8 Allocated tips
f Employer's name <b>Kent Furniture and Novelty Co.</b>		9 Advance EIC payments	10 Dependent care benefits
<b>5910 Lake June Road</b>		11 Nonqualified plans	12 Deferred compensation
<b>Dallas, TX 75232</b>		13	
g Employer's address and ZIP code		14	
h Other EIN used this year		<p><b>The amounts on Form W-3 must equal the sums of the amounts on the attached Forms W-2.</b></p>	
i Employer's state I.D. no. <b>12-98765</b>			
Contact person <b>Sarah Kent</b>	Telephone number <b>972-709-4567</b>	Fax number <b>(972-709-4567)</b>	E-mail address
Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.			
Signature ▶ <b>Sarah Kent</b>		Title ▶ <b>Owner</b>	Date ▶ <b>February 10, 20--</b>
Form <b>W-3</b> Transmittal of Wage and Tax Statements <b>20--</b>		Department of the Treasury Internal Revenue Service	

# Unemployment Compensation Insurance Taxes

**The unemployment insurance program is a program that provides unemployment compensation through a tax levied on employers.**

## Coordination of Federal and State Unemployment Rates

**The federal government allows a credit (reduction) in the federal unemployment tax for amounts charged by the state for unemployment taxes.**

**SUTA = state unemployment tax**

**FUTA = federal unemployment tax**

**An experience rating system is a system that rewards an employer for maintaining steady employment conditions.**

**the state tax rate may be reduced to less than 1 percent for businesses that provide steady employment.**

**In contrast, some states levy penalty rates as high as 10 percent for employers with poor records of providing steady employment.**

# The SUTA – FUTA Connection

	<u>Kent Furniture and Novelty Co.</u>	<u>Company B</u>	<u>Company C</u>
FUTA tax rate	6.2%	6.2%	6.2%
(Less) SUTA tax rate	<u>(5.4%)</u>	<u>(5.4%)</u>	<u>(5.4%)</u>
Net FUTA tax rate	0.8%	0.8%	0.8%
Experience rating	<u>4.0%</u>	<u>5.0%</u>	<u>6.0%</u>
Total taxes	<u><u>4.8%</u></u>	<u><u>5.8%</u></u>	<u><u>6.8%</u></u>

**Without the experience rating system, total taxes for each company would be 6.2%.**

# On Line Furnishings

The unemployment taxes for the payroll period ending January 6 are as follows.

Federal unemployment tax ( $\$2,247.50 \times 0.008$ )	=	\$17.98
State unemployment tax ( $\$2,247.50 \times 0.040$ )	=	<u>89.90</u>
<b>Total unemployment taxes</b>	<b>=</b>	<b>\$107.88</b>

GENERAL JOURNAL			PAGE <u>1</u>	
DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT
Jan. 8	Payroll Taxes Expense		107.88	
	Federal Unemployment Tax Payable			17.98
	State Unemployment Tax Payable			89.90
	Unemployment taxes on weekly payroll			



## Reporting and Paying State Unemployment Taxes

**In most states the due date for the unemployment tax return is the last day of the month following the end of the quarter.**

***Generally the tax is paid with the return.***

# State SUTA Quarterly Form

TEXAS WORKFORCE COMMISSION  
AUSTIN, TEXAS 78714-9037  
(512)-463-2222

11111

## EMPLOYER'S QUARTERLY REPORT

1. ACCOUNT NUMBER <i>12-98765</i>	2. COUNTY CODE <i>121</i>	3. TAX AREA <i>2</i>	4. TAX RATE <i>4.0 %</i>	5. SIC CODE <i>59</i>	6. FEDERAL I.D. NUMBER <i>75-1234567</i>	7. QTR YR. <i>1st/20--</i>
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8. EMPLOYER NAME AND ADDRESS (SEE ITEM 25 FOR CHANGES TO NAME, ADDRESS, ETC.)

**Sarah Kent**  
**Kent Furniture and Novelty Co.**  
**Dallas, TX 75232**

9. TELEPHONE NUMBER  
*(940) 555-9999*

4a. UI TAX RATE    4b. SMART JOBS ASSESSMENT

- Block 4 at the top of the form shows the tax rate assigned by the state based on the experience rating.

10. Enter in the boxes above the number of employees both full-time and part-time, in pay periods that include 12th day of the calendar month. (ENTER NUMERALS ONLY)	1st Month <i>5</i>	2nd Month <i>5</i>	3rd Month <i>5</i>	11. SHOW THE COUNTY CODE (see list on the back of this form) in which you had the greatest number of employees <i>121</i>	12. IF you have employees in more than one county in TEXAS, how many are outside the county shown in Item 11? <input type="text"/>
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	DOLLARS	CENTS
13. Total (Gross) Wages Paid During this Quarter to Texas Employees	<b>29,217.50</b>	
14. Taxable Wages paid this quarter to each employee up to \$7000, the annual maximum amount. (If none, enter "0")	<b>28,951.50</b>	
15. Tax Due (Multiply Taxable Wages By Tax Rate, Item 4 Above)	<b>1,157.50</b>	
16a. UI TAX	<b>1128.56</b>	
b. Smart Jobs Assessment	<b>28.94</b>	
17. Interest, If Tax is Past Due		
18. Penalty, If Report is Past Due		

14a.  Mark box with an 'X' if reporting wages to another state during the year for employees listed in item 22

**FOR TWC USE ONLY**

MONTH    DAY    YEAR

POSTMARK DATE CS

POSTMARK DATE S

# State SUTA Quarterly Form

TEXAS WORKFORCE COMMISSION  
AUSTIN, TEXAS 78714-9037  
(512)-463-2222

11111

## EMPLOYER'S QUARTERLY REPORT

1. ACCT/NT NUMBER <i>12-98765</i>	2. COUNTY CODE <i>121</i>	3. TAX AREA <i>2</i>	4. TAX RATE <i>4.0 %</i>	5. SIC CODE <i>59</i>	6. FEDERAL I.D. NUMBER <i>75-1234567</i>	7. QTR YR. <i>1st/20--</i>
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8. EMPLOYER NAME AND ADDRESS (SEE ITEM 25 FOR CHANGES TO NAME, ADDRESS, ETC.)

**Sarah Kent**  
**Kent Furniture and Novelty Co.**  
**Dallas, TX 75232**

9. TELEPHONE NUMBER  
*(940) 555-9999*

4a. UI TAX RATE <i>3.9 %</i>	4b. SMART JOBS ASSESSMENT <i>.1 %</i>
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9A. QUARTER ENDING

ALIGNMENT 1st Month	2nd Month	3rd Month
<i>5</i>	<i>5</i>	<i>5</i>

9B. PENALTIES WILL BE ASSESSED IF REPORT IS NOT POSTMARKED BY

10. Enter in the boxes above the number of employees both full-time and part-time, in pay periods that include 12th day of the calendar month. (ENTER NUMERALS ONLY)

11. SHOW THE COUNTY CODE (see list on the back of this form) in which you had the greatest number of employees  
*121*

12. IF you have employees in more than one county in TEXAS, how many are outside the county shown in Item 11?

13. Total (Gross) Wages Paid During this Quarter to Texas Employees

	DOLLARS	CENTS
<b>29,217.50</b>		

You must FILE this return even though you had no payroll this quarter. If you had no payroll, show "0" in item 13 and sign the

16a. UI TAX	<b>1128.56</b>		POSTMARK DATE CS
b. Smart Jobs Assessment	<b>28.94</b>		
17. Interest, If Tax is Past Due			POSTMARK DATE S
18. Penalty, If Report is Past Due			

● Block 10 (3 boxes) shows the number of employees in the state on the 12th day of each month of the quarter.

# State SUTA Quarterly Form

TEXAS WORKFORCE COMMISSION  
AUSTIN, TEXAS 78714-9037  
(512)-463-2222

11111

## EMPLOYER'S QUARTERLY REPORT

1. ACCT/NT NUMBER 12-98765	2. COUNTY CODE 121	3. TAX AREA 2	4. TAX RATE 4.0 %	5. SIC CODE 59	6. FEDERAL I.D. NUMBER 75-1234567	7. QTR YR. 1st/20--
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8. EMPLOYER NAME AND ADDRESS (SEE ITEM 25 FOR CHANGES TO NAME, ADDRESS, ETC.)

**Sarah Kent**  
**Kent Furniture and Novelty Co.**  
**Dallas, TX 75232**

9. TELEPHONE NUMBER

(940) 555-9999

4a. UI TAX RATE

4b. SMART JOBS ASSESSMENT

- Line 13 shows the total wages paid during the quarter to employees in the state.

10. Enter in the boxes above the number of employees both full-time and part-time, in pay periods that include 15th day of the calendar month. (ENTER NUMERALS ONLY)	11. SHOW THE COUNTY CODE (see list on the back of this form) in which you had the greatest number of employees	12. If you have employees in more than one county in TEXAS, how many are outside the county shown in Item 11?
5	121	

	DOLLARS	CENTS
13. Total (Gross) Wages Paid During this Quarter to Texas Employees	29,217.50	
14. Taxable Wages paid this quarter to each employee up to \$7000, the annual maximum amount. (If none, enter "0")	28,951.50	
15. Tax Due (Multiply Taxable Wages By Tax Rate, Item 4 Above)	1,157.50	
16a. UI TAX	1128.56	
b. Smart Jobs Assessment	28.94	
17. Interest, If Tax is Past Due		
18. Penalty, If Report is Past Due		

14a.  Mark box with an 'X' if reporting wages to another state during the year for employees listed in item 22

You must FILE this return even though you had no payroll this quarter. If you had no payroll, show "0" in item 13 and sign the declaration (item 26) on this form.

FOR TWC USE ONLY		
MONTH	DAY	YEAR
POSTMARK DATE CS		
POSTMARK DATE S		

# State SUTA Quarterly Form

TEXAS WORKFORCE COMMISSION  
AUSTIN, TEXAS 78714-9037  
(512)-463-2222

11111

### EMPLOYER'S QUARTERLY REPORT

1. ACCOUNT NUMBER <i>12-98765</i>	2. COUNTY CODE <i>121</i>	3. TAX AREA <i>2</i>	4. TAX RATE <i>4.0 %</i>	5. SIC CODE <i>59</i>	6. FEDERAL I.D. NUMBER <i>75-1234567</i>	7. QTR YR. <i>1st/20--</i>
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8. EMPLOYER NAME AND ADDRESS (SEE ITEM 25 FOR CHANGES TO NAME, ADDRESS, ETC.)  
**Sarah Kent**  
**Kent Furniture and Novelty Co.**  
**Dallas, TX 75232**

9. TELEPHONE NUMBER  
*(940) 555-9999*

4a. UI TAX RATE <i>3.0 %</i>	4b. SMART JOBS ASSESSMENT <i>1.0 %</i>
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● Line 14 shows the total taxable wages paid during the quarter.

10. ALIGNMENT: 1st Month  2nd Month  3rd Month   
 10. Enter in the boxes above the number of employees both full-time and part-time, in pay periods that include 12th day of the calendar month. (ENTER NUMERALS ONLY)  
 1st Month:  2nd Month:  3rd Month:

9A. QUARTER ENDING:

9B. PENALTIES WILL BE ASSESSED IF REPORT IS NOT POSTMARKED BY:

11. SHOW THE COUNTY CODE (see list on the back of this form) in which you had the greatest number of employees:

12. IF you have employees in more than one county in TEXAS, how many are outside the county shown in Item 11?

	DOLLARS	CENTS
13. Total (Gross) Wages Paid During this Quarter to Texas Employees	29,217.50	
14. Taxable Wages paid this quarter to each employee up to \$7000, the annual maximum amount. (If none, enter "0")	28,951.50	
15. Tax Due (Multiply Taxable Wages By Tax Rate, Item 4 Above)	1,157.50	
16a. UI TAX	1128.56	
b. Smart Jobs Assessment	28.94	
17. Interest, If Tax is Past Due		
18. Penalty, If Report is Past Due		

14a.  Mark box with an 'X' if reporting wages to another state during the year for employees listed in item 22

**FOR TWC USE ONLY**

MONTH      DAY      YEAR

POSTMARK DATE CS:

POSTMARK DATE S:

You must FILE this return even though you had no payroll this quarter. If you had no payroll, show "0" in item 13 and sign the declaration (item 26) on this form.

# State SUTA Quarterly Form

TEXAS WORKFORCE COMMISSION  
AUSTIN, TEXAS 78714-9037  
(512)-463-2222

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### EMPLOYER'S QUARTERLY REPORT

1. ACCOUNT NUMBER <i>12-98765</i>	2. COUNTY CODE <i>121</i>	3. TAX AREA <i>2</i>	4. TAX RATE <i>4.0 %</i>	5. SIC CODE <i>59</i>	6. FEDERAL I.D. NUMBER <i>75-1234567</i>	7. QTR YR. <i>1st/20--</i>
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8. EMPLOYER NAME AND ADDRESS (SEE ITEM 25 FOR CHANGES TO NAME, ADDRESS, ETC.)

**Sarah Kent**  
**Kent Furniture and Novelty Co.**  
**Dallas, TX 75232**

9. TELEPHONE NUMBER  
*(940) 555-9999*

4a. UI TAX RATE <i>3.9 %</i>	4b. SMART JOBS ASSESSMENT <i>.1 %</i>
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- Line 15 shows the total tax for the quarter. Taxable wages are multiplied by the tax rate (\$28,951.50 x 0.04).

10. Enter in the boxes above the number of employees both full-time and part-time, in pay periods that include 12th day of the calendar month. (ENTER NUMERALS ONLY)

form) in which you had the greatest number of employees *121* TEXAS, how many are outside the county shown in Item 11? \_\_\_\_\_

	DOLLARS	CENTS
13. Total (Gross) Wages Paid During this Quarter to Texas Employees	<b>29,217.50</b>	
14. Taxable Wages paid this quarter to each employee up to \$7000, the annual maximum amount. (If none, enter "0")	<b>28,951.50</b>	
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17. Interest, If Tax is Past Due		
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14a.  Mark box with an 'X' if reporting wages to another state during the year for employees listed in item 22

**FOR TWC USE ONLY**

MONTH      DAY      YEAR

POSTMARK DATE CS 

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POSTMARK DATE S 

--	--	--

# State SUTA Quarterly Form

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AUSTIN, TEXAS 78714-9037  
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### EMPLOYER'S QUARTERLY REPORT

1. ACCOUNT NUMBER <i>12-98765</i>	2. COUNTY CODE <i>121</i>	3. TAX AREA <i>2</i>	4. TAX RATE <i>4.0 %</i>	5. SIC CODE <i>59</i>	6. FEDERAL I.D. NUMBER <i>75-1234567</i>	7. QTR YR. <i>1st/20--</i>
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8. EMPLOYER NAME AND ADDRESS (SEE ITEM 25 FOR CHANGES TO NAME, ADDRESS, ETC.)

**Sarah Kent**  
**Kent Furniture and Novelty Co.**  
**Dallas, TX 75232**

9. TELEPHONE NUMBER  
*(940) 555-9999*

4a. UI TAX RATE    4b. SMART JOBS ASSESSMENT

● **Lines 16a and b are a breakdown of the amount on Line 15. In Texas, part of the 4 percent tax is set aside for job training and other incentive programs.**

10. Enter in the boxes above the number of employees both full-time and part-time, in pay periods that include 12th day of the calendar month. (ENTER NUMERALS ONLY)	<i>5</i>	<i>5</i>	(see list on the back of this form) in which you had the greatest number of employees	<i>121</i>	more than one county in TEXAS, how many are outside the county shown in Item 11?
--	----------	----------	---	------------	--

	DOLLARS	CENTS
13. Total (Gross) Wages Paid During this Quarter to Texas Employees	<b>29,217.50</b>	
14. Taxable Wages paid this quarter to each employee up to \$7000, the annual maximum amount. (If none, enter "0")	<b>28,951.50</b>	
15. Tax Due (Multiply Taxable Wages By Tax Rate, Item 4 Above)	<b>1,157.50</b>	
16a. UI TAX	<b>1128.56</b>	
b. Smart Jobs Assessment	<b>28.94</b>	
17. Interest, If Tax is Past Due		
18. Penalty, If Report is Past Due		

14a.  Mark box with an 'X' if reporting wages to another state during the year for employees listed in item 22

**FOR TWC USE ONLY**

MONTH    DAY    YEAR

POSTMARK DATE CS    

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POSTMARK DATE S    

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# State SUTA Quarterly Form

TEXAS WORKFORCE COMMISSION  
AUSTIN, TEXAS 78714-9037  
(512)-463-2222

11111

### EMPLOYER'S QUARTERLY REPORT

1. ACCOUNT NUMBER <i>12-98765</i>	2. COUNTY CODE <i>121</i>	3. TAX AREA <i>2</i>	4. TAX RATE <i>4.0 %</i>	5. SIC CODE <i>59</i>	6. FEDERAL I.D. NUMBER <i>75-1234567</i>	7. QTR YR. <i>1st/20--</i>
--------------------------------------	------------------------------	-------------------------	-----------------------------	--------------------------	---	-------------------------------

8. EMPLOYER NAME AND ADDRESS (SEE ITEM 25 FOR CHANGES TO NAME, ADDRESS, ETC.)

**Sarah Kent**  
**Kent Furniture and Novelty Co.**  
**Dallas, TX 75232**

9. TELEPHONE NUMBER

*(940) 555-9999*

4a. UI TAX RATE <i>3.9 %</i>	4b. SMART JOBS ASSESSMENT <i>.1 %</i>
---------------------------------	--

● Lines 17 and 18 are blank. There are no penalties or interest because no taxes or reports are past due.

(ENTER NUMERALS ONLY)

	DOLLARS	CENTS
13. Total (Gross) Wages Paid During this Quarter to Texas Employees	<b>29,217.50</b>	
14. Taxable Wages paid this quarter to each employee up to \$7000, the annual maximum amount. (If none, enter "0")	<b>28,951.50</b>	
15. Tax Due (Multiply Taxable Wages By Tax Rate, Item 4 Above)	<b>1,157.50</b>	
16a. UI TAX	<b>1128.56</b>	
b. Smart Jobs Assessment	<b>28.94</b>	
17. Interest, If Tax is Past Due		
18. Penalty, If Report is Past Due		

You must FILE this return even though you had no payroll this quarter. If you had no payroll, show "0" in item 13 and sign the declaration (item 26) on this form.

14a.  Mark box with an "X" if reporting wages to another state during the year for employees listed in item 22

**FOR TWC USE ONLY**

MONTH      DAY      YEAR

POSTMARK DATE CS

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POSTMARK DATE S

--	--	--



# State SUTA Quarterly Form

16a. OF TAX		17. Interest, If Tax is Past Due		28.94
b. Smart Jobs Assessment		18. Penalty, If Report Is Past Due		
19. Balance Due From Prior Periods (Subtract Credit Or Add Debit)		20. Total Due - Make Remittance Payable To TEXAS WORKFORCE COMMISSION		1157.50
21. SOCIAL SECURITY NUMBER	1ST INIT	2ND INIT	22. EMPLOYEE NAME LAST NAME	23. TOTAL WAGES PAID THIS QUARTER
1 587-XX-XXXX			C. Booker	6240.00
2 427-XX-XXXX			G. Dunlap	5557.50
3				

POSTMARK DATE C3  
 POSTMARK DATE S  
 EX DATE C3  
 EX DATE S  
 Est  
 DOLLARS      CENTS      INITIALS  
 AMOUNT RECEIVED

26. I DECLARE that the information herein

● Line 19 is blank. There is no balance due from prior periods.

6					PREPARERS NAME <u>Roberta Rosario</u>
7					PREPARERS PHONE NUMBER <u>(940) 555-9999</u>
8					For assistance in completing form call,
9					
10					
24. PAGE TOTAL				29,217.50	MAIL REPORT AND REMITTANCE TO: CASHIER TEXAS WORKFORCE COMMISSION P.O. BOX 149037 AUSTIN, TEXAS 78714-9037 <b>DO NOT STAPLE REPORT</b> <small>(Write Account No. On Check)</small>

FORM C - 3 (6/99) SCANC3      25. MAKE CHANGES TO EMPLOYER INFORMATION USING C-3 INSTRUCTION SHEET. CHANGES NOTED ON THIS FORM MAY NOT BE CAPTURED DURING PROCESSING.

# State SUTA Quarterly Form

b. Smart Jobs Assessment		28.94
17. Interest, If Tax is Past Due		
18. Penalty, If Report Is Past Due		
19. Balance Due From Prior Periods (Subtract Credit Or Add Debit)		
20. Total Due - Make Remittance Payable To TEXAS WORKFORCE COMMISSION		1157.50
21. SOCIAL SECURITY NUMBER	2ND INIT LAST NAME	22. EMPLOYEE NAME
1 587-XX-XXXX		C. Booker
2 427-XX-XXXX		G. Dunlap
		23. TOTAL WAGES PAID THIS QUARTER
		6240.00
		5557.50
24. PAGE TOTAL		29,217.50

FORM C - 3 (6/99) SCANC3

25. MAKE CHANGES TO EMPLOYER INFORMATION USING C-3 INSTRUCTION SHEET. CHANGES NOTED ON THIS FORM MAY NOT BE CAPTURED DURING PROCESSING.

26. I DECLARE that the information herein is true and correct to the best of my knowledge and belief.

SIGNATURE Roberta Rosario

TITLE Owner DATE 4/29/20--

PREPARERS NAME Roberta Rosario

PREPARERS PHONE NUMBER (940) 555-9999

For assistance in completing form call,

MAIL REPORT AND REMITTANCE TO:  
CASHIER  
TEXAS WORKFORCE COMMISSION  
P.O. BOX 149037  
AUSTIN, TEXAS 78714-9037  
**DO NOT STAPLE REPORT**  
(Write Account No. On Check)

• Line 20 shows the tax due.

# **Earnings in Excess of Base Amount**

**In this textbook example, state unemployment tax is paid on the first \$7,000 of annual earnings for each employee.**

**Earnings over \$7,000 are not subject to state unemployment tax.**

	<b>Earnings</b>	<b>Cumulative Earnings</b>	<b>Taxable Earnings</b>
January	\$ 2240	\$2240	\$2240
February	2240	4480	4480
Mar, week 1	2240	6720	6720
Mar, week 2	560	7280	7000
Mar, week 3	560	7840	7,000
Mar, week 4	560	8400	7,000

# Depositing Federal Unemployment Taxes

**There are two ways to make federal unemployment tax deposits:**

- **Electronic deposits using EFTPS**
- **Federal Tax Deposit Coupon, Form 8109**

**Deposits are made quarterly and are due on the last day of the month following the end of the quarter.**

**The federal unemployment tax is calculated at the end of each quarter.**

**It is computed by multiplying the first \$7,000 of each employee's wages by 0.008.**

**A deposit is required when more than \$500 of federal unemployment tax is owed. (For simplicity, we will use \$100.)**

**If \$100 or less is owed, no deposit is due.**

## Form 940: Annual FUTA

**Form 940 or 940-EZ is the Employer's Annual Federal Unemployment Tax Return form. It is a preprinted government form.**

**Tax returns are not due quarterly for the federal unemployment tax.**

**The employer submits an *annual return*.**

## **When can Form 940-EZ be used instead of Form 940?**

**Businesses can use Form 940-EZ if**

- **They paid unemployment tax to only one state.**
- **They paid all federal unemployment taxes by January 31 of the following year.**
- **All wages that were taxable for federal unemployment were also taxable for state unemployment.**



Form **940-EZ**

Department of the Treasury  
Internal Revenue Service (99)

### Employer's Annual Federal Unemployment (FUTA) Tax Return

See separate instructions for Form 940-EZ for information on completing this form.

OMB No. 1545-1110

20--

Name (as distinguished from trade name)

**Sarah Kent**

Trade name, if any

**Kent Furniture and Novelty Company**

Address and ZIP code

**5910 Lake June Road, Dallas, TX 75232**

Calendar year

20--

Employer identification number

**751234567**

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Answer the questions under *Who May Use Form 940-EZ* on page 2. If you cannot use Form 940-EZ, you must use Form 940.

**A** Enter the amount of contributions paid to your state unemployment fund. (See separate instructions.) . . . ▶ \$ **1,400.00**

**B** (1) Enter the name of the state where you have to pay contributions . . . ▶ **TX**

(2) Enter your state reporting number as shown on your state unemployment tax return ▶ **12-98765**

If you will not have to file returns in the future, check here (see *Who Must File* in separate instructions), and complete and sign the return. ▶

If this is an Amended Return, check here . . . ▶

#### Part I Taxable Wages and FUTA Tax

1	Total payments (including payments shown on lines 2 and 3)	101,030.00
2	Exempt payments. (Explain all exempt payments, attaching separate instructions, if necessary.) ▶	
3	Payments of more than \$7,000 for services. Enter only amount paid to each employee. Do not include any exempt payments. (See separate instructions.) The \$7,000 amount is the Federal wage base. Do not use your state wage limitation.	
4	Total exempt payments (add lines 2 and 3)	00
5	<b>Total taxable wages</b> (subtract line 4 from line 1)	00
6	<b>FUTA tax.</b> Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part III.)	00
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year	280.00

• Line A shows the total state unemployment tax paid.

Form **940-EZ**

Department of the Treasury  
Internal Revenue Service (99)

### Employer's Annual Federal Unemployment (FUTA) Tax Return

See separate instructions for Form 940-EZ for information on completing this form.

OMB No. 1545-1110

20--

Name (as distinguished from trade name)

**Sarah Kent**

Trade name, if any

**Kent Furniture and Novelty Company**

Address and ZIP code

**5910 Lake June Road, Dallas, TX 75232**

Calendar year

20--

Employer identification number

**751234567**

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T	

Answer the questions under *Who May Use Form 940-EZ* on page 2. If you cannot use Form 940-EZ, you must use Form 940.

**A** Enter the amount of contributions paid to your state unemployment fund. (See separate instructions.) . . . ▶ \$ **1,400.00**

**B** (1) Enter the name of the state where you have to pay contributions . . . ▶ **TX**

(2) Enter your state reporting number as shown on your state unemployment tax return ▶ **12-98765**

If you will not have to file returns in the future, check here (see *Who Must File* in separate instructions), and complete and sign the return. ▶

If this is an Amended Return, check here . . . ▶

#### Part I Taxable Wages and FUTA Tax

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	<b>116,870.00</b>
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶		
3	Payments of more than \$1,000 to each employee during the calendar year for services of employees. (See separate instructions. The base may be different. Do not include payments reported on line 2.)		
4	Total exempt payments		
5	<b>Total taxable wages</b> (Sum of lines 1 and 3)		
6	<b>FUTA tax.</b> Multiply the amount on line 5 by 0.0075.		
7	Total FUTA tax deposited		

• Line A shows the total state unemployment tax paid.

• Line 1 shows the total compensation paid to employees.

Form **940-EZ**

Department of the Treasury  
Internal Revenue Service (99)

### Employer's Annual Federal Unemployment (FUTA) Tax Return

See separate instructions for Form 940-EZ for information on completing this form.

OMB No. 1545-1110

20--

Name (as distinguished from trade name)

**Sarah Kent**

Trade name, if any

**Kent Furniture and Novelty Company**

Address and ZIP code

**5910 Lake June Road, Dallas, TX 75232**

Calendar year

20--

Employer identification number

**751234567**

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Answer the questions below.

A Enter the amount.

B (1) Enter the amount.

(2) Enter the amount.

If you will not file a return for this year, check here.

If this is an Amended Return, check here.

#### Part I Taxable Wages and FUTA Tax

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	<b>116,870.00</b>
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.)	2	
3	Payments of more than \$7,000 for services. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments from line 2. (See separate instructions.) The \$7,000 amount is the Federal wage base. Your state wage base may be different. Do not use your state wage limitation	3	<b>81,870.00</b>
4	Total exempt payments (add lines 2 and 3)	4	<b>81,870.00</b>
5	Total taxable wages (subtract line 4 from line 1)	5	<b>35,000.00</b>
6	FUTA tax. Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6	<b>280.00</b>
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year	7	<b>280.00</b>

**Line 2 is blank because there were no exempt payments for Kent Furniture and Novelty Co.**

Form **940-EZ**

Department of the Treasury  
Internal Revenue Service (99)

### Employer's Annual Federal Unemployment (FUTA) Tax Return

See separate instructions for Form 940-EZ for information on completing this form.

OMB No. 1545-1110

20--

Name (as distinguished from trade name)

**Sarah Kent**

Trade name, if any

**Kent Furniture and Novelty Company**

Address and ZIP code

**5910 Lake June Road, Dallas, TX 75232**

Calendar year

20--

Employer identification number

**751334567**

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- Line 3 shows the compensation that exceeds the \$7,000 earnings limit (\$116,870 - \$35,000).

(2) Enter your state reporting number as shown on your state unemployment tax return ▶ **12-98765**

If you will not have to file returns in the future, check here (see **Who Must File** in separate instructions), and complete and sign the return. ▶

If this is an Amended Return, check here ▶

#### Part I Taxable Wages and FUTA Tax

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	<b>116,870.00</b>
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶	2	
3	Payments of more than \$7,000 for services. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments from line 2. (See separate instructions.) The \$7,000 amount is the Federal wage base. Your state wage base may be different. Do not use your state wage limitation	3	<b>81,870.00</b>
4	Total exempt payments (add lines 2 and 3)	4	<b>81,870.00</b>
5	Total taxable wages (subtract line 4 from line 1)	5	<b>35,000.00</b>
6	FUTA tax. Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6	<b>280.00</b>
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year	7	<b>280.00</b>

Form **940-EZ**

Department of the Treasury  
Internal Revenue Service (99)

### Employer's Annual Federal Unemployment (FUTA) Tax Return

See separate instructions for Form 940-EZ for information on completing this form.

OMB No. 1545-1110

20--

Name (as distinguished from trade name)

**Sarah Kent**

Trade name, if any

**Kent Furniture and Novelty Company**

Address and ZIP code

**5910 Lake June Road, Dallas, TX 75232**

Calendar year

20--

Employer identification number

**751224667**

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● **Line 4 shows the wages not subject to federal unemployment tax.**

Use Form 940.  
1,400.00  
TX

(2) Enter your state reporting number as shown on your state unemployment tax return ▶ **12-98765**

If you will not have to file returns in the future, check here (see **Who Must File** in separate instructions), and complete and sign the return. ▶

If this is an Amended Return, check here ▶

#### Part I Taxable Wages and FUTA Tax

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	<b>116,870.00</b>
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶		
3	Payments of more than \$7,000 for services. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments shown on line 2. (See separate instructions.) The \$7,000 amount is the Federal wage base. Your state wage base may be different. <b>Do not use your state wage limitation.</b>		<b>81,870.00</b>
4	Total exempt payments (add lines 2 and 3)	4	<b>81,870.00</b>
5	Total taxable wages (subtract line 4 from line 1)	5	<b>35,000.00</b>
6	FUTA tax. Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6	<b>280.00</b>
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year	7	<b>280.00</b>

Form **940-EZ**

Department of the Treasury  
Internal Revenue Service (99)

### Employer's Annual Federal Unemployment (FUTA) Tax Return

See separate Instructions for Form 940-EZ for information on completing this form.

OMB No. 1545-1110

20--

Name (as distinguished from trade name)

**Sarah Kent**

Trade name, if any

**Kent Furniture and Novelty Company**

Address and ZIP code

**5910 Lake June Road, Dallas, TX 75232**

Calendar year

20--

Employer identification number

**751234567**

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● Line 5 shows the taxable wages for the year.

- B** (1) Enter the name of the state where you have to pay contributions . . . . . TX  
(2) Enter your state reporting number as shown on your state unemployment tax return ▶ **12-98765**

If you will not have to file returns in the future, check here (see Who Must File in separate instructions), and complete and sign the return. ▶   
If this is an Amended Return, check here . . . . . ▶

#### Part I Taxable Wages and FUTA Tax

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	<b>116,870.00</b>
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶		
3	Payments of more than \$7,000 for services. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments from line 2. (See separate instructions.) The \$7,000 amount is the Federal wage base. Your state wage base may be different. Do not use your state wage limitation		<b>81,870.00</b>
4	Total exempt payments (add lines 2 and 3)	4	<b>81,870.00</b>
5	<b>Total taxable wages</b> (subtract line 4 from line 1)	5	<b>35,000.00</b>
6	<b>FUTA tax.</b> Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6	<b>280.00</b>
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year	7	<b>280.00</b>

Form **940-EZ**

Department of the Treasury  
Internal Revenue Service (99)

# Employer's Annual Federal Unemployment (FUTA) Tax Return

See separate instructions for Form 940-EZ for information on completing this form.

OMB No. 1545-1110

20--

Name (as distinguished from trade name)

**Sarah Kent**

Trade name, if any

**Kent Furniture and Novelty Company**

Address and ZIP code

**5910 Lake June Road, Dallas, TX 75232**

Calendar year

20--

Employer identification number

**751334567**

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- Line 6 shows the FUTA tax (\$35,000 x 0.008).

A Enter the amount of contributions paid to your state unemployment fund. (See separate instructions.) . . . ▶ \$ 1,400.00

B (1) Enter the name of the state where you have to pay contributions . . . ▶ TX

(2) Enter your state reporting number as shown on your state unemployment tax return ▶ 12-98765

If you will not have to file returns in the future, check here (see Who Must File in separate instructions), and complete and sign the return. ▶

If this is an Amended Return, check here . . . ▶

## Part I Taxable Wages and FUTA Tax

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	<b>116,870.00</b>
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶		
3	Payments of more than \$7,000 for services. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments from line 2. (See separate instructions.) The \$7,000 amount is the Federal wage base. Your state wage base may be different. Do not use your state wage limitation		<b>81,870.00</b>
4	Total exempt payments (add lines 2 and 3)	4	<b>81,870.00</b>
5	Total taxable wages (subtract line 4 from line 1)	5	<b>35,000.00</b>
6	FUTA tax. Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6	<b>280.00</b>
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year	7	<b>280.00</b>

Form **940-EZ**

Department of the Treasury  
Internal Revenue Service (99)

### Employer's Annual Federal Unemployment (FUTA) Tax Return

See separate Instructions for Form 940-EZ for information on completing this form.

OMB No. 1545-1110

20--

Name (as distinguished from trade name)

**Sarah Kent**

Trade name, if any

**Kent Furniture and Novelty Company**

Address and ZIP code

**5910 Lake June Road, Dallas, TX 75232**

Calendar year

20--

Employer identification number

**751234567**

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- Line 7 shows the FUTA tax deposited during the year.

A Enter the amount of contributions paid to your state unemployment fund. (See separate instructions.) . . . ▶ \$ 1,400.00  
B (1) Enter the name of the state where you have to pay contributions . . . ▶ TX  
(2) Enter your state reporting number as shown on your state unemployment tax return ▶ 12-98765

If you will not have to file returns in the future, check here (see Who Must File in separate instructions), and complete and sign the return. ▶

If this is an Amended Return, check here . . . ▶

#### Part I Taxable Wages and FUTA Tax

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	116,870.00
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶		
3	Payments of more than \$7,000 for services. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments from line 2. (See separate instructions.) The \$7,000 amount is the Federal wage base. Your state wage base may be different. Do not use your state wage limitation	3	81,870.00
4	Total exempt payments (add lines 2 and 3)	4	81,870.00
5	Total taxable wages (subtract line 4 from line 1)	5	35,000.00
6	FUTA tax. Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6	280.00
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year	7	280.00



## PART II: Record of Quarterly Federal Unemployment Tax Liability

6 <b>FUTA tax.</b> Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6	280.00
7 Total FUTA tax deposited for the year, including any overpayment applied from a prior year . . . . .	7	280.00
8 <b>Balance due</b> (subtract line 7 from line 6). Pay to the "United States Treasury" . . . . . ▶	8	0.00
If you owe more than \$100, see <b>Depositing FUTA tax</b> in separate instructions.		
9 <b>Overpayment</b> (subtract line 6 from line 7). Check if it is to be: <input type="checkbox"/> Applied to next return or <input type="checkbox"/> Refunded ▶	9	

**Part II Record of Quarterly Federal Unemployment Tax Liability** (Do not include state liability.) **Complete only if line 6 is over \$100.**

Quarter	First (Jan. 1 – Mar. 31)	Second (Apr. 1 – June 30)	Third (July 1 – Sept. 30)	Fourth (Oct. 1 – Dec. 31)	Total for year
Liability for quarter	231.50	48.50	-0-	-0-	280.00

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, and that no part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments to employees.

**Part II shows the FUTA tax due for each quarter.**

**The total for the year must equal Line 6.**



Signature: \_\_\_\_\_ Date: January 31, 20--

Owner, etc. ▶ Owner

Instructions. Cat. No. 10983G Form **940-EZ** (20--)

**DETACH HERE**

Form 940-EZ Payment Voucher

OMB No. 1545-1110

20--

Staple your payment to this voucher. Make your check or money order payable to the United States Treasury, Department of the Treasury, Internal Revenue Service, P.O. Box 1345, Washington, DC 20546.

**Instructions for Box 1**

—Individuals (sole proprietors, trusts, and estates)—  
Enter the first four letters of your last name.

—Corporations and partnerships—Enter the first four characters of your business name (omit "The" if followed by more than one word).

4 Enter your business name (individual name for sole proprietors)

Enter your address \_\_\_\_\_

Enter your city, state, and ZIP code \_\_\_\_\_

# Workers' Compensation Insurance

**Workers' compensation provides benefits for employees who are injured on the job.**

**The insurance premium, which is paid by the employer, depends on the risk involved with the work performed.**

**There are two ways to handle workers' compensation insurance:**

- **Pay an estimated annual premium in advance**
- **Pay a deposit at the beginning of the year and make monthly payments**

**The method a business uses depends on the number of its employees.**

**Kent Furniture and Novelty Co. has two work classifications:**

- **Office work**
- **Shipping work**

**The workers' compensation premium rates are**

<b>Office workers</b>	<b>\$0.45 per \$100 of labor costs</b>
<b>Shipping workers</b>	<b>1.25 per \$100 of labor costs</b>

**The insurance premium rates recognize that injuries are more likely to occur to shipping workers than to office workers.**

**Based on employee earnings for the previous year, Kent Furniture and Novelty Co. paid an estimated premium of \$1,000 for the new year.**

20--					
Jan.	15	Workers' Compensation Insurance Expense Cash  Estimated workers' compensation insurance for 20--		1000.00	1000.00

**At the end of the year, the actual premium was computed.**

**The actual premium was computed by applying the proper rates to the payroll data for the year:**

- **The office wages were \$24,960.**

$$(\$24,960 / \$100) \times \$0.45 = 249.60 \times \$0.45 = \$112.32$$

- **The shipping wages were \$91,910.**

$$(\$91,910 / \$100) \times \$1.25 = 919.10 \times \$1.25 = \underline{\$ 1,148.88}$$

**Total premium for year** \$1,261.20

<b>Classification</b>	<b>Payroll</b>	<b>Rate</b>	<b>Premium</b>
<b>Office work</b>	<b>\$24,960</b>	<b>\$0.45 per \$100</b>	<b>\$ 112.32</b>
<b>Shipping work</b>	<b>91,910</b>	<b>1.25 per \$100</b>	<b>1148.88</b>
<b>Total premium for year</b>			<b>\$1261.20</b>
<b>Less estimated premium paid</b>			<b>&lt;1,000.00&gt;</b>
<b>Balance of premium due</b>			<b>\$ 261.20</b>

On December 31 the balance due to the insurance company is recorded as a liability by an adjusting entry.

Kent Furniture and Novelty Co. owes \$261.20 (\$1,261.20 - \$1,000.00) for the workers' compensation insurance.

20--				
Dec.	31	Workers' Compensation Insurance Expense	261.20	
		Workers' Compensation Insurance Payable		261.20



Suppose that on January 15 Kent Furniture and Novelty Co. had paid an *estimated premium* of \$1,400 instead of \$1,000.

The *actual premium* at the end of the year was \$1,261.20.

Kent Furniture and Novelty Co. would be due a refund from the insurance company for the amount overpaid, \$138.80 (\$1,400.00 - \$1,261.20).

20--				
Dec.	31	Workers' Compensation Refund <b>Receivable</b>	138.80	
		Workers' Compensation Insurance Expense		138.80

# Internal Control Over Payroll

- 1. Assign only highly responsible, well-trained employees to work in payroll operations.**
- 2. Keep payroll records in locked files. Train payroll employees to maintain confidentiality.**
- 3. Add new employees and make all changes in pay rates only with proper written authorization from management.**
- 4. Make changes to an employee's withholding allowances based only on a Form W-4 properly completed and signed by the employee.**
- 5. Make voluntary deductions from employee earnings based only on a signed authorization from the employee.**

# Internal Control Over Payroll

- 6. Have the payroll checks examined by someone other than the person who prepares them. Compare each check to the entry for the employee in the payroll register.**
- 7. Have payroll checks distributed to the employees by someone other than the person who prepares them.**
- 8. Have the monthly payroll bank account statement received and reconciled by someone other than the person who prepares the payroll checks.**
- 9. Use prenumbered forms for the payroll checks.**
- 10. Maintain files of all authorization forms for adding new employees, changing pay rates, and making voluntary deductions. Also retain all Forms W-4.**