

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 \$500 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, LETS LOOK AT THE EASY ABCs OF FTDs

ELECTRONIC FEDERAL TAX PAYMENT SYSTEM (EFTPS)

Q. What is EFTPS?

A. EFTPS is a tax payment system provided free by the U.S. Department of the Treasury. EFTPS makes paying federal taxes easy and convenient. By using EFTPS, taxpayers make their federal tax payments electronically from the convenience of office or home via the Internet or phone.

Q. Who can use EFTPS?

A. Anyone who needs to make deposits may voluntarily enroll in and use EFTPS. Taxpayers who make more than \$200,000 in Federal Tax Deposits are required to make all their federal tax deposits electronically.

Q. How do you enroll?

A. New employers are automatically enrolled in EFTPS Express Enrollment. If you would you like to enroll call EFTPS Customer Service at 1-800-555-4477 or visit www.eftps.gov.

Q. What is Express Enrollment?

A. Express Enrollment allows new business taxpayers with a federal tax obligation to begin making their FTDs more quickly and accurately with EFTPS. When they receive an Employer Identification Number (EIN) from the IRS, they will be enrolled in EFTPS so they can make all their payments electronically, online or by phone.

Q. Can businesses still use FTD Coupons?

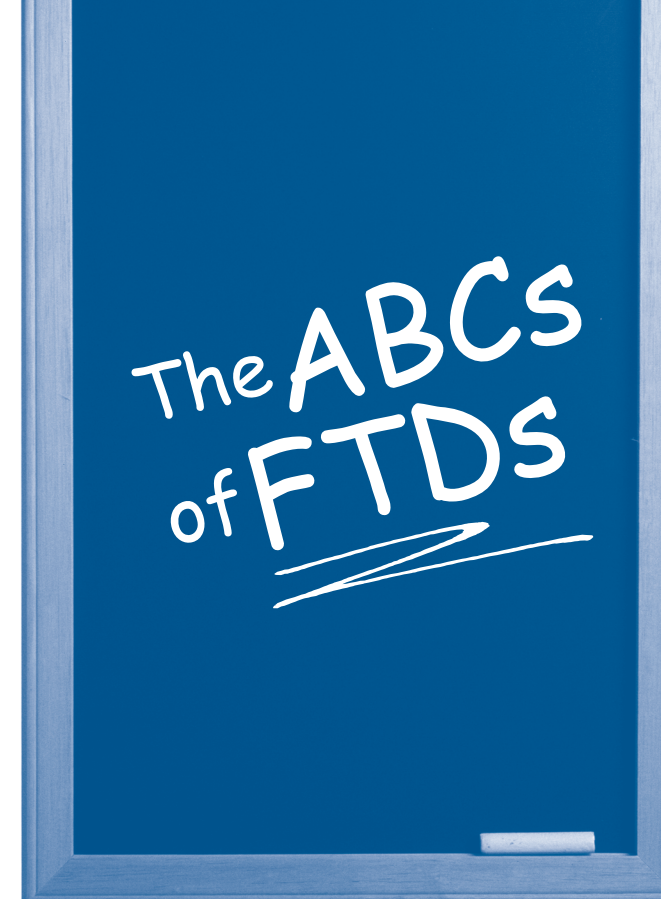
A. Taxpayers will have the option to use FTD coupons. If you need FTD coupons you may either order them by mail, which may take 5-6 weeks to arrive, or you can visit your local IRS office.



Department of the Treasury
Internal Revenue Service

www.irs.gov

Publication 3151 (Rev. 07-07)
Catalog Number 26404W



Quick Reference Guide for
Understanding

FEDERAL TAX DEPOSITS

WHAT ARE FTDs & WHY ARE THEY IMPORTANT?

FTDs (Federal Tax Deposits) for **Form 941** are made up of taxes withheld from your employees salaries (Trust Fund), and 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.





WHEN TO MAKE DEPOSITS

FOR FORM 941 DEPOSITS

- › Make the deposit any time by the due date.
or
- › For your convenience make a deposit the same day you make payroll.

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 accumulated \$100,000 in payroll taxes during a deposit period must make a deposit by the next banking day.

- › If your total taxes for the quarter are less than \$2,500, they can be paid with the return or deposited by the return due date.
- › If your total taxes on Form 941 are \$2,500 or more, you'll need to determine which deposit schedule to follow.

You can determine your deposit schedule using the "Lookback Period" table below.

Your Lookback Period for Calendar Year 2007			
2005		2006	
July 1 to Sep 30	Oct 1 to Dec 31	Jan 1 to Mar 31	Apr 1 to Jun 30
3rd Qtr	4th Qtr	1st Qtr	2nd Qtr

To determine your deposit schedule for Calendar Year 2007, you look back to this four quarter period. <.....

1. Add the total taxes (line 10 of Forms 941) reported during the Lookback Period.
2. 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?

- › If the tax liability is \$500 or less and it is the end of the first, second, or third quarter the tax is carried over to the next quarter.
- › If the fourth quarter tax liability is \$500 or less the tax is due by the return due date.
- › If the tax liability is over \$500 and it is the end of any quarter then the tax must be deposited by the last day of the following month.



HOW TO MAKE DEPOSITS

1. Federal Tax Deposits (FTDs) can be made the preferred way through the Electronic Federal Tax Payment System (EFTPS). EFTPS is a free service provided by the Department of Treasury and it is the most convenient and efficient method of paying all your federal taxes. You may make your tax deposit payments through the Internet at www.eftps.gov or call EFTPS Customer Service 1-800-555-4477. For added convenience EFTPS is available 24 hours a day, seven days a week.

New employers receiving a new Employer Identification Number (EIN) that have a federal tax obligation are automatically enrolled in EFTPS to make their Federal Tax Deposits.

When new employers receive their EIN, they will also receive a separate mailing containing an EFTPS Personal Identification Number (PIN) and instructions for activating their enrollment.

2. Taxpayers still have the option to make their deposit payments using Form 8109, Federal Tax Deposit Coupon. You will have to use separate coupons for each type of tax deposited, for example, one for Form 941 and another for Form 940. To order an FTD coupon book call the IRS at 1-800-829-1040.



WHERE TO MAKE DEPOSITS

1. Federal Tax Deposits can be made electronically through EFTPS by phone 1-800-555-4477 or visit www.eftps.gov.
2. If you are using Form 8109, Federal Tax Deposit Coupon, you may be able to make your payment at your local financial institution or mail it to:

Financial Agent
Federal Tax Deposit Processing
P.O. Box 970030
St. Louis, MO 63197

FOR MORE INFORMATION ON FTDs, REFER TO:

EFTPS Customer Service 1-800-555-4477

EFTPS at www.eftps.gov

IRS Customer Service at 1-800-829-1040
(for paper coupons)

www.irs.gov

Publication 15, Circular E,
Employer's Tax Guide

Publication 966, Electronic Choices for Paying All
Your Federal Taxes

Your tax professional