



# The ABCS of FTDS

Quick Reference Guide for  
Understanding

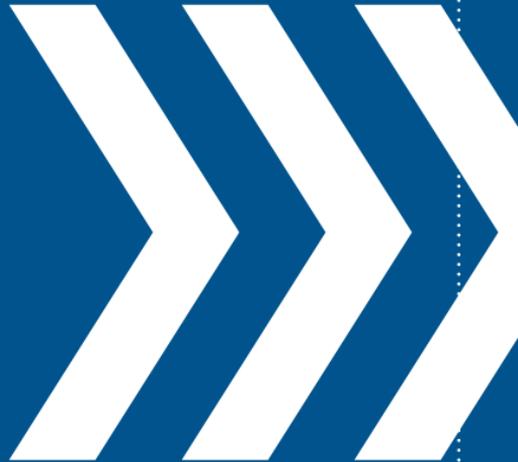
# FEDERAL TAX DEPOSITS

# WHAT ARE FTDs & WHY ARE THEY IMPORTANT?

FTDs (Federal Tax Deposits) for **Forms 941 and 944** are made up of taxes withheld from your employees' salaries (Trust Fund), and the employer's share of FICA (Social Security and Medicare) taxes.

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 FORMS 941 AND 944 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 or 944, 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 business day. Business days include every calendar day other than Saturdays, Sundays, or legal holidays. The term "legal holiday" means any District of Columbia legal holiday. Previously, legal holidays included statewide legal holidays. The IRS will not assert penalties for FTDs made in 2011 that would be considered timely if statewide legal holidays were taken into account.

- › If your Form 944 total taxes for the year are less than \$2,500, they can be paid with the return or deposited by the return due date. See the Form 944 instructions for deposit requirements if your total taxes for the year are expected to reach \$2,500 or more.
- › If your total taxes on Form 941 for the current quarter or the preceding quarter are less than \$2,500, and you did not incur a \$100,000 next-day deposit obligation in the current quarter, you may pay the taxes with the return or deposit by the return due date. Otherwise, you'll need to determine which deposit schedule to follow.

- If you have filed only Form 941, you can determine your deposit schedule using the "Lookback Period" table below.
- If you filed Form 944 for 2009 or 2010, or if you are filing Form 944 for 2011, your lookback period is the calendar year 2009.

Form 941 Lookback Period for Calendar Year 2011				
2009		2010		To determine your deposit schedule for Calendar Year 2011, you look back to this four quarter period. ← .....
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	

1. Add the total taxes (line 10 of Forms 941) reported during the Lookback Period.
2. Determine your deposit schedule.

### Monthly Schedule Depositors:

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

- 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 non-business day, the deposit is considered timely if it is made by the close of the next business 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 and can be deposited or paid with the return.
- › 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) are made through the Electronic Federal Tax Payment System (EFTPS). EFTPS is a free service provided by the Department of Treasury. It is a convenient and efficient method of paying all your federal taxes. You may make your tax deposit payments through the Internet at [www.eftps.gov](http://www.eftps.gov) or call EFTPS Voice Response System at 1-800-555-3453. 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. As of January 1, 2011, all deposits are made electronically.



## **WHERE TO MAKE DEPOSITS**

1. Federal Tax Deposits can be made electronically through EFTPS by phone 1-800-555-3453 or visit [www.eftps.gov](http://www.eftps.gov). You should initiate your payment no later than 8:00 p.m. Eastern Time the business day before your deposit is due.

### **FOR MORE INFORMATION ON FTDs, REFER TO:**

EFTPS Customer Service 1-800-555-4477

EFTPS at [www.eftps.gov](http://www.eftps.gov)

[www.irs.gov](http://www.irs.gov)

Publication 15, Circular E,  
Employer's Tax Guide

Publication 966, Electronic Choices for Paying All  
Your Federal Taxes

Your tax professional

## WHO MUST MAKE DEPOSITS?

Employers filing **Form 941**, Employer's QUARTERLY Federal Tax Return, with \$2,500 or more tax in the current quarter, and \$2,500 or more tax reported in the prior quarter, or less than \$2,500 in the prior quarter and a tax liability that reached \$100,000 or more within a deposit period of the current quarter.

Employers filing **Form 944**, Employer's ANNUAL Federal Tax Return, with \$2,500 or more tax due per year.

Employers filing **Form 940**, Employer's Annual Federal Unemployment (FUTA) Tax Return, 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 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 pays federal taxes may voluntarily enroll in and use EFTPS. Taxpayers who are required to deposit taxes must 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](http://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 Starting January 1, 2011, taxpayers cannot use FTD coupons.