

Lesson 7, Paying U.S. Treasury (Deposits)

Slide 1

Welcome to this presentation.

I've a few announcements before we get started.

The information contained in this presentation is current as of the day it was presented, and should not be considered official guidance.

Any stories, names, characters, and incidents portrayed in this production are fictitious. No identification with actual persons (living or deceased), places, buildings, and products is intended or should be inferred.

This program will be maintained in accordance with federal recordkeeping laws.

Now let's get started.

Our general topic – payroll taxes.

Slide 2

In this lesson, we'll concentrate on paying the U.S. Treasury the amount we withheld from our employees' paychecks.

Slide 3

Publication 15, Employer's Tax Guide, explains your responsibilities as an employer.

It includes the rules on depositing taxes withheld from each employee as well as employer contributions.

A new pub is released each year. You should download a current version at the beginning of the year and review "What's New" for any changes.

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Pub 15's your main resource on employer/employee related issues. The chart on page 5 provides a brief summary of your basic responsibilities. Each item

on this list has a page reference to a more detailed discussion in this publication.

Excerpts from the chart for each payday are shown.

In this lesson, we'll discuss employment tax deposit requirements and deposit due dates.

The chart tells us to refer to page 24 for the discussion on deposits.

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In our examples for Jane in lessons 5 and 6, we withheld a total of \$357.30.

- 189.00 of federal income tax
- 136.40 of social security tax
- 31.90 of Medicare tax
- For a total withholding of \$357.30

Who does the \$357.30 belong to?

It belongs to Jane. As an employer, you're required to hold the \$357.30 in trust for Jane and hand it over the U.S. Treasury. Once Jane's paid for her time worked, the money's no longer the tribes'; now it belongs to Jane – she earned it.

When you pay Jane, you don't pay her all the money she earned. The income tax and Jane's share of social security and Medicare tax you withhold from her paychecks are the part of her wages you pay to the U.S. Treasury instead of to Jane.

The portion of Jane's wage you hold for transmitting to the U.S. Treasury's called trust fund tax. Through this withholding, Jane pays her contribution toward social security and Medicare benefits and the income taxes she reports on her own tax return.

That's why it's so important the \$357.30 is handed over to the U.S. Treasury in a timely manner.

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Not only do you need to deposit Jane's \$357.30, you must also deposit the employer's contribution for social security and Medicare taxes.

In Jane's case, an additional \$168.30 must be handed over to the U.S. Treasury.

These five parts totaling \$525.60 are considered the liability for this paycheck.

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How do you deposit the taxes you have withheld from Jane and the taxes you must contribute as her employer?

Federal tax deposits must be made by electronic funds transfer. An electronic transfer can be made using the Electronic Federal Tax Payment System, commonly called by its acronym – EFTPS. This is a free service provided by the Department of Treasury.

To get more information about EFTPS or to enroll in EFTPS, visit <https://www.eftps.gov/eftps/>, or call 1-800-555-4477.

If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. Also, you may arrange for your financial institution to initiate a same-day wire payment on your behalf.

Be aware that services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

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Question: Why should you use EFTPS?

Answer:

- **It's fast.** You can make a tax payment in minutes.
- **It's accurate.** You review your information before it's sent.
- **It's convenient.** You can make a payment from anywhere there's an internet or phone connection 24/7.

- **It's easy to use.** A step-by-step process guides you through scheduling payments.

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- **It's secure.** Online payments require three unique pieces of information for authentication:
 1. EIN
 2. PIN
 3. Internet password
- Phone payments require your PIN and EIN.

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Here are the EFTPS basics:

Using EFTPS is simple.

You can choose one of two payment methods; use either the internet at EFTPS.gov or make a phone call at 1-800-555-3453.

You can schedule payment instructions up to 120 days before the due date and pay your taxes from anywhere, 24/7, 365 days a year.

However, your tax payment information must be submitted by 8 p.m. Eastern Standard Time at least **one day before** your due date.

We emphasize this very important point.

You'll learn shortly about the deposit due dates, which are when the money must arrive at the U.S. Treasury. You must complete the steps necessary to make a deposit by 8 p.m. Eastern Time at least one day prior to the due date. If you initiate the steps to make a deposit on the due date, you may incur a late deposit penalty.

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The funds will move out of your bank account on the date you select, so make sure your account contains funds to cover your payment.

For example, if your designated bank account had a balance of \$999 on January 11 and your \$1,000 deposit is scheduled for January 11, zero dollars

will be transferred. The entire \$1,000 must be available for the transaction to go through.

After submitting your information, you'll immediately receive an acknowledgment number to keep for your records.

EFTPS will then debit your designated bank account on the date you scheduled.

Your payment will be reported to the IRS, and your records will be updated automatically.

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Need to cancel a payment? If you wish to cancel a scheduled payment, you must do so by 11:59 p.m. Eastern Standard Time at least two business days before the scheduled date.

Want to check on a prior payment? You may check the status and history of any payment you have made using EFTPS in the last 16 months.

Need help? Live U.S.-based EFTPS call centers are open 24/7, 365 days a year to assist you with any of your customer service needs. JUST CALL: 1-800-555-4477.

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How do you enroll?

You have two options for enrolling in EFTPS—both are free – online or phone.

First, gather the following information:

- EIN
- Bank account number and routing number
- Address and name as they appear on your IRS tax documents

Next, if you choose to enroll online, visit <https://www.eftps.gov/eftps/>

- Select the enrollment tab
- Enter the requested information
- Select business, then submit

- You'll receive your personal identification number (PIN) in the mail within five to seven business days.

After you receive your PIN, call 1-800-982-3526.

- To get a temporary internet password.

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If you choose to enroll by phone:

- Call 1-888-725-7879 Monday through Friday, 9 a.m. to 6 p.m. Eastern Standard Time, to request an enrollment form by mail.
- When the enrollment form arrives, complete and mail it back.
- You'll then receive your PIN within seven business days after your completed enrollment form is received by EFTPS.
- Once you receive your PIN, call **1-800-982-3526** to get a temporary internet password.

If your enrollment can't be processed for any reason, EFTPS will notify you.

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Here's what the EFTPS homepage looks like. Note the various tabs for information on

- Enrollment
- My Profile
- Payments
- Help
- Login

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How do you make a tax payment using EFTPS online?

- Visit <https://www.eftps.gov/eftps/> and select make a payment.
- Log in with your EIN, PIN and internet password.

- For your added security, the first time you visit eftps.gov, you'll be prompted to change this password.
- Enter the payment information in the step-by-step screens.

When you're finished, save a copy of the payment confirmation page. This contains your Electronic Fund Transfer, or EFT, acknowledgment number that acts as a receipt for your payment instructions.

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How do I make a tax payment using EFTPS via the phone?

Call 1-800-555-3453 and follow the prompts.

For instance:

1. Enter your EIN and PIN.
2. Press 1 to make a payment.
3. Enter the tax form number followed by #; in our case 941#.
4. Press 1 for federal tax deposit.
5. Enter the 2-digit calendar year; in our example 16 for 2016.
6. Enter the 2-digit month for the quarter we're making the payment;
 - For the first quarter, enter 03 for March;
 - For the second quarter, enter 06 for June;
 - In our example, for the quarter ending December 31, we enter 12.
7. Enter the payment amount for your deposit.
 - You'll be prompted to confirm the information.
8. Next, you'll be prompted to give a breakdown of your payment by entering social security tax, Medicare tax, and income tax withholding. The total of these three figures must agree with the payment amount you entered above.

9. Now enter the date you want the funds to go out of your checking account.
10. Last, you'll be given an acknowledgement number that will act as your receipt. Record this number.

Consider using the EFTPS by phone tutorial system before initiating your first live phone tax payment. Call 1-800-572-8683 to listen to the tutorial system.

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You have been using EFTPS for a while but realize you can't find your PIN. What do you do?

Call 1-800-555-4477 and they'll resend it by U.S. mail.

For security reasons, your PIN must be mailed; it can't be given over the phone. A payment can be scheduled if you verify certain information.

How do you get, replace, or change your internet password?

1. Click on login, payments, or my profile, and then click on need a password.
2. Enter your EIN and your EFTPS® four-digit PIN.
3. Enter your banking information or last eight digits of your EFTPS® enrollment number and select next.
4. Create your new internet password.

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Now let's learn when you must make deposits.

There are two schedules for determining when you deposit social security, Medicare, and withheld income taxes.

You'll follow either a monthly schedule or a semiweekly schedule. These schedules tell you when a deposit's due after each payday.

At the beginning of each calendar year, you must determine which of the two deposit schedules you're required to use. You must follow the correct schedule to avoid penalties for late deposits.

Frequency of your paydays (for example, weekly, biweekly, semimonthly, etc.) have no relationship to when you must make a deposit. The schedule you must use to meet deposit due dates is based on the total tax liability you reported on Form 941 during a specific lookback period, discussed later.

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Refer to Pub 15, page 26, for a summary of steps to determine your deposit schedule.

Your deposit schedule for a calendar year is determined from the total taxes reported on Forms 941, line 10, in a 4-quarter lookback period.

- If the total taxes of these four quarters are \$50,000 or less, you're a monthly depositor.
- If the total taxes are more than \$50,000, you're a semiweekly depositor.

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How do you determine your lookback period? Refer to Pub 15, page 25.

As shown in Table 1, the lookback period's four consecutive quarters beginning on July 1 and ending on June 30. The table's example is for calendar year 2016. As you can see, the lookback period is the 3rd & 4th quarters of 2014 and the 1st and 2nd quarters of 2015.

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This table shows lookback periods for various years.

- For calendar year 2016 (shown in pink), you lookback to the 3rd & 4th quarters of 2014 and the 1st and 2nd quarters of 2015
- For calendar year 2017 (shown in purple), you lookback to the 3rd & 4th quarters of 2015 and the 1st and 2nd quarters of 2016
- For calendar year 2018 (shown in green), you lookback to the 3rd & 4th quarters of 2016 and the 1st and 2nd quarters of 2017

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Here we have two examples for 2016 and 2017.

- For 2016 (shown in pink), we lookback to the 3rd & 4th quarters of 2014 and the 1st and 2nd quarters of 2015.
 - We add the total taxes reported on Forms 941, line 10.
 - Since the total tax for these four quarters is \$50,000 or less, we know we're a monthly depositor.
- For 2017 (shown in purple), you lookback to the 3rd & 4th quarters of 2015 and the 1st and 2nd quarters of 2016.
 - We add the total taxes reported on line 10 of Forms 941.
 - Because the total tax's more than \$50,000, the semiweekly schedule applies.

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Now that you know how to determine if you are a monthly or semiweekly schedule depositor, you're ready to learn the deposit requirements for each schedule.

First, monthly schedule depositors must deposit each month's taxes by the 15th of the next month. As we learned in Lesson 6, there are five parts that make up the tax liability for a given payday. These taxes must be deposited electronically with the U.S. Treasury.

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For example, for the month of July, we may have four paydays. The payroll taxes for all four paydays are due on August 15th, meaning the 15th of the following month. There's no harm making an early deposit.

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Next, semiweekly schedule depositors must deposit each payday's taxes within a few days of payroll to avoid deposit penalties.

- If Wednesday, Thursday or Friday's a payday, then a tax deposit must be made by the following Wednesday.
- If Saturday, Sunday, Monday or Tuesday's a payday, then a tax deposit must be made by the following Friday.

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Here are weekly calendars showing semiweekly schedule depositors must deposit each payday's taxes within a **few days** of payroll to avoid deposit penalties.

- If payday is Wednesday, a tax deposit must be made by Wednesday of the following week.
- If wages are paid on Friday, a deposit must also be made by Wednesday of the following week.
- If payday is Monday, a tax deposit must be made by Friday of the same week.
- If wages are paid on Tuesday, a deposit must also be made by Friday of the same week.

If wages are paid weekly on every Friday, you'll always have a deposit due by the following Wednesday.

What if your scheduled paydays are Friday, but someone quits and you issue them a paycheck on Tuesday?

When are the taxes for the Tuesday paycheck due? If we look at the chart, taxes related to wages paid on Tuesday must be deposited by Friday.

The easiest way is to make a deposit the same day you make payroll, or anytime no later than the deposit due date.

Remember: There is no harm in making early deposits. Early deposits are encouraged.

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There are a few exceptions to deposit schedules rules.

First, if you're a new employer and you didn't have employees during the lookback period, you're a monthly depositor unless you meet the \$100,000 next-day rule (discussed next).

The second exception applies when your total tax liability for the entire quarter's less than \$2,500. In this instance, the deposit has the same due date as form 941 – the last day of the month following the end of the quarter.

However, you may send a check with your Form 941 instead of making a deposit, if for the entire quarter:

- Your tax liability is less than \$2,500 and
- You make a full payment with a timely filed return

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Third, there's the \$100,000 next-day deposit rule that typically applies to employers with larger payrolls.

- If, during any deposit period, you accumulate a tax liability of \$100,000 or more, you must make a deposit by the next business day.
- Once you meet the \$100,000 next-day rule,
 - ✓ You follow the semiweekly schedule for all deposits less than \$100,000
 - ✓ You're a semiweekly schedule depositor for the rest of the year, and during all of the next calendar year.

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Let's define a deposit period.

It's the period of time during which an employer accumulates tax liability for paying to the U.S. Treasury on the next due date. Deposit periods vary depending upon which deposit schedule the employer must follow.

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Here are examples of deposit periods for monthly depositor. For the month of July, any and all paydays are included in the deposit period.

In the top example, the total accumulated tax liability for July's deposit period's \$30,300, which is less than \$100,000, so the \$100,000 next-day rule doesn't apply. As a result, the 15th of the following month is the due date for this monthly depositor.

In comparison, for the bottom example, the facts are the same except the employer was awarded a grant for a major project and the payroll for July 21 was exceptionally high. Here, the total accumulated tax liability as of July 21 is

\$112,110 and now exceeds \$100,000 for the deposit period. When is this deposit due?

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Because the cumulative total tax liability as of July 21 is \$112,110, the \$100,000 next-day rule applies.

An \$112,110 deposit is now due July 22 – the next business day. Remember, the payment information must be submitted by 8 p.m. Eastern Standard Time at least **one day prior** to your due date.

In addition, this person's a semiweekly depositor for the rest of this year and all of next year. As a semiweekly depositor, the July 28 liability must be deposited by August 3rd.

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There are two deposit periods for semiweekly depositor.

- Wednesday through Friday
- Or Saturday through Tuesday

Here are examples of Wednesday through Friday deposit periods.

In the top example, the total accumulated tax liability for Wed.-Fri. deposit period's less than \$100,000, so the \$100,000 next-day rule doesn't apply. As a result, the following Wednesday's the due date for this depositor and a \$99,990 deposit is due July 13.

In comparison, for the bottom example, we've the same facts except Friday, July 8 payroll was a little higher. Here, the total accumulated tax liability as of July 8 exceeds \$100,000 for the deposit period. Now, the \$100,000 next-day rule applies.

A \$103,020 deposit is now due July 11 – the next business day.

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If your deposit's due on a non-business day, make it by the close of the next business day.

Business days include every calendar day other than Saturdays, Sundays, or legal holidays.

Legal holiday means any District of Columbia legal holiday. For a list, see Pub 15, page 26.

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The list in Pub 15 includes legal holidays and the days they're observed.

If a legal holiday falls on a Saturday, it's observed the preceding Friday.

If a legal holiday falls on a Sunday, it's observed the following Monday.

For example, Emancipation Day's a legal holiday in Washington to mark the anniversary of the signing of the Compensated Emancipation Act, which President Abraham Lincoln signed on April 16, 1862. It's celebrated on April 16. However, because April 16 fell on a Sunday in 2017, it was observed on Monday, April 17.

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Semiweekly schedule depositors will always have at least three business days to make a deposit.

If any of the three weekdays after the end of a semiweekly period's a legal holiday, you'll have an additional day for each day that's a legal holiday to make the required deposit.

For example, if a semiweekly schedule depositor had a Friday payday and the following Monday's a legal holiday, the deposit normally due on Wednesday may be made by Thursday (this allows three business days to make the deposit).

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Penalties may apply if deposits aren't made on time. There are four levels of penalties.

- For any deposit 1–5 days late, the penalty's 2% of the liability that should have been deposited.
- If a deposit's 6–15 days late, the penalty's 5%.

- A deposit more than 15 days late, the penalty is 10%.
- If taxes are still unpaid and a notice & demand for payment goes unpaid, the highest penalty rate is 15%.

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Let's quickly recap the five parts that need to be deposited and see how quickly the penalties stack up when a deposit isn't made.

Assuming we're monthly schedule depositor, the five parts of payroll taxes that must be deposited for January include:

1. Employee's federal income tax
2. Employee's social security tax
3. Employee's Medicare tax
4. Employer's contribution to social security tax
5. Employer's contribution to Medicare tax

As a monthly depositor, \$3,000's due by February 15.

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Here we see how the late federal tax deposit penalty progressively grows from \$60 all the way up to \$450 when a \$3,000 deposit isn't made.

- If the \$3,000 deposit's 1-5 days late, the penalty is 2% of \$3,000, that's \$60.
- If the deposit's 6–15 days late, the penalty increases to 5% (\$150).
- When your deposit's more than 15 days late, the penalty increases to 10% (\$300).
- If the taxes are still unpaid and a notice & demand for payment goes unpaid, the highest penalty rate applies at 15% (\$450).

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Let's practice a few exercises and determine the amount of tax we need to deposit.

We'll determine the employees' withholding and the employer contributions to determine the pay period's liability.

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Here are our exercise instructions for Pay Period 17. We have paydays every other Friday. Our next payday's Sept. 9.

Listed are our employees, their W-4 information, and their gross wages for this pay period. President, vice president, and secretary/treasurer are tribal council members.

Complete columns for federal income tax withholding using Pub 15 and the W-4 data. Also complete the columns for social security and Medicare tax for the employees.

Compute the liability for this period and provide the due date for the deposit for the two different types of depositors – monthly and semiweekly.

Pause to complete this exercise.

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First, let's reveal the employees' withholding.

Look up the income tax withholding using the biweekly wage bracket method table for income tax withholding in the back of Pub 15.

- For Lonnette, we go to the single persons table. Since her W-4 shows zero allowances, find the column for zero allowances and go to the row corresponding to wages of at least \$2,000. We must withhold \$318.
- For Jimmy, we go to the married persons table. Since his W-4 shows two allowances, find the column for two allowances and go to the row corresponding to wages of at least \$1,500. We must withhold \$95.
- For Tiffany, income tax withholding doesn't apply because she claimed exempt on line 7 of her W-4.
- Tribal council president's W-4 had an entry of \$150 on line 6 for additional withholding, so we withhold \$150 from his paycheck.
- Tribal council vice president and secretary/treasurer did not claim any additional withholding, so income tax withholding doesn't apply.

- The total of the income tax withholding column is \$563.

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For the next two columns, simply multiply wages subject to social security and Medicare tax by the respective rates of 6.2% and 1.45%. The answers have been revealed.

As you can see, only Lonnette, Jimmy, and Tiffany's wages are subject to social security and Medicare taxes. Tribal council president, vice president, and secretary/treasurer's wages aren't subject to social security and Medicare taxes per Revenue Ruling 59-354.

The total of the social security tax column is \$235.60; while the Medicare tax total's \$55.10.

On the lower half of the slide, we begin our computation of the pay period's liability. We've already included columns totals from above.

All that is remaining for our liability is the employer's contribution for social security and Medicare tax.

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During 2016, the rate for the employee and the employer are the same for social security and Medicare taxes. So for our exercise, all we need to do for the employer's contribution of social security tax is match the amount of the employee's social security tax.

Likewise, for the employer's contribution of Medicare tax, all we do is match the amount of the employee's Medicare tax.

Once we add the five parts the liability for the pay period is \$1,144.40. What's the due date of our deposit?

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The wages were paid on Sept. 9, a Friday. For a semiweekly depositor, the due date for depositing the \$1,144.40 is Wednesday, Sept. 14.

For a timely deposit, the tax payment information must be submitted by 8 p.m. Eastern Standard Time at least one day prior to the due date – in this case, initiate the deposit by 8pm Eastern time on Tuesday, Sept. 13.

For a monthly depositor, the 15th of next month's the deposit due date – Oct. 15. However, during 2016, Oct. 15th fell on a Saturday, so you'd have until the next business day, Monday, Oct. 17th.

For a timely deposit, the tax payment information must be submitted by 8 p.m. Eastern Standard Time at least one day prior to your due date – in this case, initiate the deposit by 8 p.m., Oct. 16.

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Let's practice with a second exercise. We'll determine the employees' withholding and the employer contributions to determine the liability for the pay period.

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Here are our exercise instructions for Pay Period 18: We have paydays every other Tuesday. Our next payday is Sept. 20, 2016.

Listed are our employees, their W-4 information, and their gross wages for this pay period. President, vice president, and secretary/treasurer are tribal council members.

Complete columns for federal income tax withholding using Pub 15 and the W-4 data. Also complete the columns for social security and Medicare tax for the employees. Once you have these totals, compute the liability for this pay period. Last, provide the due date for the deposit for the two different types of depositors – monthly and semiweekly.

Pause to complete this exercise.

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First, let's reveal all of the employees' withholding.

Using the biweekly wage bracket method table for income tax withholding in the back of Pub 15, we look up the income tax withholding for our employees.

- For Lonnette, go to the single persons table. Since her W-4 shows zero allowances, find the column for zero allowances and go to the row corresponding to wages of at least \$2070. We withhold \$333.

- Next, for Jimmy, go to the married persons table. Since his W-4 shows two allowances, find the column for two allowances and go to the row corresponding to wages of at least \$2,050. We withhold \$176.
- For Tiffany, income tax withholding doesn't apply because she claimed exempt on line 7 of her W-4.
- Tribal council president's W-4 had an entry of \$150 on line 6 for additional withholding, so we withhold \$150 from his paycheck.
- Tribal council vice president and secretary/treasurer didn't claim any additional withholding on their W-4, so income tax withholding doesn't apply.
- The total of the income tax withholding column's \$659.

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For the next two columns, we simply multiply any wages subject to social security and Medicare tax by the respective rates of 6.2% and 1.45%. The answers are shown.

As you can see, only Lonnette, Jimmy, and Tiffany's wages are subject to social security and Medicare taxes. Tribal council president, vice president, and secretary/treasurer's wages aren't subject to social security and Medicare taxes per Revenue Ruling 59-354.

The total of the social security tax column's \$292.64; while the Medicare tax total's \$68.44.

On the lower half of the slide, we begin our computation of the liability for the pay period. We've already included columns totals from above.

All that's remaining for our liability is the employer's contribution for social security and Medicare tax.

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During 2016, the rate for employee and the employer are the same for social security and Medicare taxes. So, for our exercise, all we do for the employer's contribution of social security tax is match the amount of the employee's social security tax – \$292.64 is the employer's match.

Likewise, for the employer's contribution of Medicare tax, we match the amount of the employee's Medicare tax – \$68.44 is the employer's match.

Once we add the five parts, we've our liability for the pay period. What's the due date of the \$1,381.16 deposit?

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The wages were paid on Sept. 20, 2016, a Tuesday. For a semiweekly depositor, the due date for the \$1,381.16 deposit's the following Friday – Sept. 23.

Remember, your deposit must be submitted by 8 p.m. Eastern Standard Time at least one day prior to your due date – in this case, you must initiate the deposit by 8 p.m. Eastern time on Thursday, Sept. 22.

For a monthly depositor, the 15th of next month's the deposit due – Oct. 15, 2016. However, during 2016, Oct. 15 fell on a Saturday, so you'd have until the next business day, Monday, Oct. 17.

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Now let's do a deposit due date exercise.

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XYZ Tribe's a monthly depositor that issues paychecks on Dec. 16 for wages earned the first two weeks of that month. What's the due date for the Dec. 16 tax liability?

The due date for monthly depositors' the 15 of the following month, so January 15's the normal due date. However, Jan. 15, 2017 fell on a Sunday and Jan. 16 is Martin Luther King Jr. Day, so the correct answer's Jan. 17.

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ABC Tribe is a monthly depositor that issues paychecks on Jan. 9 for wages earned the last week of that month and the first week of January. What's the due date for the Jan. 9 tax liability?

The due date for monthly depositors is the 15th of the following month, so Feb. 15 is the correct answer.

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Here are the liabilities we determined in exercises 1 and 2.

XYZ Tribe's a monthly depositor, so what's the due date for its September tax liability?

Answer: For 2016, Oct. 15 fell on a Saturday so the deposit was due the next business day – Oct. 17.

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Here's a list of 2017 payday and liabilities. Complete the respective columns for a monthly depositor and a semiweekly depositor. Remember, if any due date's a Saturday, Sunday, or a legal holiday, you'll have an additional day to make the deposit.

Pause to complete the exercise.

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Okay, let's reveal the answers. First let's reveal the monthly due dates.

The due date for any January payday is Feb. 15, while the due date for any February payday's March 15.

The monthly due date for any March 2017 payday was Apr. 18. Why?

- Apr. 15 was a Saturday;
- Isn't April 17 the next business day? No.
- When Emancipation Day falls on a Sunday, Monday Apr. 17 is considered the legal holiday. If any due date's a legal holiday, you'll have an additional business day to make the deposit. Monthly depositors had until Tuesday, Apr. 18 to make a timely deposit due to both the 15th falling on a Saturday and to the Emancipation Day holiday falling on a Monday.

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For the semiweekly due dates, a review of a calendar shows all the paydays listed are Friday. When wages are paid on a Friday, the due date for a semiweekly depositor's the following Wednesday.

All the due dates listed are three business days later.

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Here is a second list of 2017 paydays and liabilities. Complete the respective columns for a monthly depositor and a semiweekly depositor. Remember, if any due date is a Saturday, Sunday, or a legal holiday, you'll have an additional day to make the deposit.

Pause to complete the exercise.

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Okay, let's reveal the answers. First, here are the monthly due dates.

The due date for any Apr. 2017 payday was May 15, while the due date for any May 2017 payday was June 15.

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For the semiweekly due dates, a review of the calendar shows all the paydays listed fall on a Tuesday. When wages are paid on a Tuesday, the due date for a semiweekly depositor's the following Friday.

All the due dates listed are three business days later – Friday.

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In this lesson, we reviewed how to calculate the tax liability and learned the tax must be deposited electronically. We also learned how to make the deposit using EFTPS, the deposit due dates and the penalties for not making deposits timely.

Thank you.