



Payroll Accounting

A Practical, Real-World Approach | 6th Edition

Chapter 6: Periodic and Year-End Payroll Reporting



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Learning Objectives

- After studying this chapter, you will be able to:
 - Record the necessary payroll journal entries
 - Complete quarterly Form 941
 - Complete year-end Form 940
 - Complete year-end Form W-2
 - Complete year-end Form W-3



Accounting for Payroll (Periodic)

- When payroll and tax liabilities are actually paid, another journal entry is made to account for them.
- Certain withholding and taxes are paid monthly or semiweekly.

Type of Depositor	Payment Dates
Monthly	15th of the following month
Semiweekly (pay date Wed–Fri)	Following Wednesday
Semiweekly (pay date Sat–Tues)	Following Friday

Accounting for Payroll (Periodic)-(cont.)

- The lookback period is reviewed to determine the payment increment.
- The amount of reported taxes during the lookback period is used to determine the type of depositor.
- A journal entry for a tax payment lists:
 - A debit to the Tax Payable (liability) account
 - A credit to the Cash account



Submitting Unemployment Tax Payments

- These are usually remitted on a quarterly basis.

Quarter	Payment Date
1st Quarter (Jan.–Mar.)	April 30
2nd Quarter (Apr.–Jun.)	July 31
3rd Quarter (Jul.–Sept.)	October 31
4th Quarter (Oct.–Dec.)	January 31

- The employer may delay payment based on the amount of tax owed.
- SUTA would be included in the journal entry if it is paid at the same time as FUTA.



Voluntary Withholding Payments

- Payment intervals differ based on the deduction.
- The journal entry when the payment is made lists:
 - A debit to the Tax Payable account
 - A credit to the Cash account

Form 941

- Employers must submit this form quarterly.
- It summarizes payroll activity.
- The due dates are the same as for FUTA payments.
- Depending on the amount owed, the employer may disregard the payment schedule and submit payment with Form 941.



The EFTPS

- The Electronic Federal Tax Payment System (EFTPS) is the simplest method for submitting federal tax payments.
- The employer must enroll to use the system.
- Payment can be remitted by phone or Internet.
- Payment must be submitted by 8:00 p.m. the day before it is due.

***TIP!** The EFTPS is a free service.*



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Quarterly State Payroll Forms

- State forms are typically submitted on a quarterly basis.
- They summarize the employer's payroll activity.
- The summarized taxes must be deposited periodically.



Form 940

- If the amount of tax owed doesn't require quarterly submittal, FUTA tax may be remitted at the end of the year on Form 940.
- The form must be submitted by January 31, with payment.
- It may be submitted on February 10 if no payment is required.
- FUTA tax must be calculated on Schedule A in some circumstances.
 - The Sched. A total is transferred to Form 940.



Form W-2 (Wage and Tax Statement)

- This form provides annual earnings information.
- It must be provided to every employee by January 31.
- Employees receive Copy B, Copy C, and Copy 2.
- The Social Security Administration receives Copy A by March 1 or March 31.



Form W-3

- This informational form must be submitted to the Social Security Administration at the same time as the W-2 Forms.
- It summarizes all information found in the W-2 Forms.
- The W-2 and W-3 totals must agree.
- The due dates are the same as for the W-2 Forms.

