

## Church Financial Hot Topic

### Depositing Federal Payroll Taxes

**How to Deposit Employment Taxes:**

In general, you must deposit federal payroll taxes by electronic funds transfer.

**Electronic Deposit Requirement:**

You must use electronic funds transfer to make all federal tax deposits (such as deposits of employment tax, excise tax, and corporate income tax). Generally, electronic fund transfers are made using the Electronic Federal Tax Payment System (EFTPS). If you do not want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make deposits on your behalf.

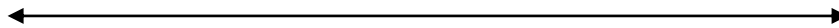
If you fail to make a timely deposit, you may be subject to a 10% failure-to-deposit penalty. EFTPS is a free service provided by the Department of Treasury. To get more information or to enroll in EFTPS, call 1-800-555-4477. You can also visit the EFTPS website at [www.eftps.gov](http://www.eftps.gov).

**Payment with Return:**

You may make a payment with Form 941 or Form 944 instead of depositing, without incurring a penalty, if one of the following applies:

- Your Form 941 total tax liability for either the current quarter or the preceding quarter is less than \$2,500 and you did not incur a \$100,000 next-day deposit obligation during the current quarter. If you are not sure that your total tax liability for the current quarter will be less than \$2,500, (and your liability for the preceding quarter was not less than \$2,500), make deposits using the semi-weekly or monthly rules so you will not be subject to failure to deposit penalties; or
- If you are a monthly schedule depositor and make a payment in accordance with the Accuracy of Deposits Rule. This payment may be \$2,500 or more.

Employers who have been notified to file Form 944 can pay their fourth quarter tax liability with Form 944 if the fourth quarter tax liability is less than \$2,500. Employers must have deposited any tax liability due for the first, second, and third quarters according to the deposit rules to avoid failure-to-deposit penalties for deposits during those quarters.



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