Quarter Processing: Using Tax Reports to Prepare for Quarter End

Handout Manual

Need support after training?

To exchange tips and best practices with fellow users, get on The Bridge—an online community built exclusively for ADP clients.
Contents

Quarter Processing: Using Tax Reports to Prepare for Quarter End

Course Introduction ................................................................. 5
  Course Purpose ........................................................................ 5
  Course Objectives ................................................................... 5
  Course Agenda ......................................................................... 5
  Follow-Up Items ...................................................................... 6

Introduction to Quarterly Tax Reports ........................................ 7
  Overview .................................................................................. 7
  Reports and Descriptions ......................................................... 7

Quarterly Tax Verification Letter ............................................... 8
  Overview .................................................................................. 8
  Explore: Quarterly Wage Report .............................................. 8

Wage & Tax Register ................................................................. 10
  Overview .................................................................................. 10
  Explore: Detail Page .................................................................. 10
  Explore: Company Totals Page ................................................ 12
  Explore: Special Reports .......................................................... 13
  Special Indicators ..................................................................... 15
  Learning Activity: Wage & Tax Register Scavenger Hunt ......... 17

Quarterly Wage Report ............................................................... 18
  Overview .................................................................................. 18
  Explore: Quarterly Wage Report .............................................. 18

Form 941: Employer's Quarterly Federal Tax Return .................. 20
  Overview .................................................................................. 20

Quarterly Statement of Deposits & Filings .................................. 22
  Overview .................................................................................. 22
  Explore: Quarterly Statement of Deposits & Filings ................. 22

Online Quarterly Reports ............................................................ 24
  Overview .................................................................................. 24
  Accessing the Reports ............................................................. 24
  Knowledge Check .................................................................... 26

Course Closing ............................................................................ 27
  Continuing Education Credits .................................................. 27
Training Evaluation ........................................................................................................... 28
Quarter Processing: Using Tax Reports to Prepare for Quarter End
(34586_2) ......................................................................................................................... 29
Course Introduction

Course Purpose
This course introduces you to the tax reports that ADP provides you with on a quarterly basis, providing you with the tools and knowledge necessary to successfully close each quarter.

Course Objectives
Upon completing this course, you will be able to do the following:

- Identify the quarterly tax reports received each quarter.
- Identify credit conditions.
- Determine why an employee is not included in a tax report.
- Access quarterly reports online through ADP Workforce Now or on the ADP Support Center.

Course Agenda
This course includes the following topics:

- Introduction to Quarterly Tax Reports
- Quarterly Tax Verification Letter
- Wage & Tax Register
- Quarterly Wage Report
- Form 941: Employer's Quarterly Federal Tax Return
- Quarterly Statement of Deposits & Filings
- Online Quarterly Reports
Follow-Up Items

List any follow-up items that you may need to discuss with your client support specialist or implementation specialist:
Introduction to Quarterly Tax Reports

Overview
ADP distributes most quarterly tax reports after you process the last payroll of the quarter.

Reports and Descriptions

<table>
<thead>
<tr>
<th>Report</th>
<th>Description</th>
<th>Distributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly Tax Verification Letter</td>
<td>Displays information specific to your company setup as well as federal income tax (FIT), state income tax (SIT), and state unemployment insurance (SUI) identification numbers</td>
<td>During the second month of each quarter (February, May, August, and November)</td>
</tr>
<tr>
<td>Wage &amp; Tax Register</td>
<td>Displays a detailed list, by employee, of quarter-to-date (QTD) and year-to-date (YTD) wages, taxes, taxables, and other tax-related data</td>
<td>After the last payroll of the quarter is processed&lt;br&gt;Note: If you hold the quarter open for adjustments, the register will be processed when the hold is removed.</td>
</tr>
<tr>
<td>Quarterly Wage Report</td>
<td>Displays SUI taxable wages and total unemployment taxes due in the quarter</td>
<td>After the last payroll of the quarter is processed&lt;br&gt;Note: If you hold the quarter open for adjustments, the report will be processed when the hold is removed.</td>
</tr>
<tr>
<td>Form 941: Employer's Quarterly Federal Tax Return</td>
<td>A quarterly return filed by employers to report wages and taxes to the IRS&lt;br&gt;&lt;b&gt;Note:&lt;/b&gt; You receive this form if you are not set up with ADP's Tax Filing Service or are set up as deposit only.</td>
<td>After the last payroll of the quarter is processed&lt;br&gt;Note: If you hold the quarter open for adjustments, the return will be processed when the hold is removed.</td>
</tr>
<tr>
<td>Statement of Deposits &amp; Filings</td>
<td>Displays a detailed list of all tax deposits and filings conducted by ADP on your behalf&lt;br&gt;&lt;b&gt;Note:&lt;/b&gt; You receive this report if you are set up with ADP's Tax Filing Service.</td>
<td>Six weeks after the close of the quarter</td>
</tr>
</tbody>
</table>
Quarterly Tax Verification Letter

Overview

The Quarterly Tax Verification Letter provides information specific to your company’s setup and is produced before your quarterly tax reports are processed.

Explore: Quarterly Tax Verification Letter

Sections and Descriptions

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
</table>
| Header | - Legal name and address  
- Pay period-ending date  
- Pay date  
- Quarter-ending week number and payroll number  
- Federal ID number  
- Employer type  
Note: The regional office name and address are displayed for reference. |
| Body | - Special compensation options and taxing options  
- State and SUI ID numbers  
- SUI experience rates  
- Forms W-2, W-3, 941, and 940 filing responsibility  
- State and city filing responsibility |
Verification Requirements

Upon receiving the Quarterly Tax Verification Letter, you must verify the following items:

- Legal name and address
- Employer type (941)
- Pay date and period-ending date
- Week number of the last payroll of the quarter
- All tax identification numbers
- Level of tax service
- Special compensation or taxing options
- Pension code defaults
Wage & Tax Register

Overview

The Wage & Tax Register is an employee listing of quarter-to-date and year-to-date wages, taxes, taxable wages, and other tax-related data and is structured in the following format:

- Detail page
- Company Totals page
- Special reports

Explore: Detail Page

Contents

The Detail page includes the following information:

- Individual employee indicative data (file number, name, department, and so on)
- Quarter-to-date and year-to-date totals
- Tax-related totals for multi-jurisdictions
- Special earnings or deductions (tips, meals, deferred compensation, tax-sheltered annuities, other compensation, cafeteria 125 plans)
**Important Information**

Be sure to contact an ADP representative to determine the procedure to follow when any of the following items are displayed for an employee:

- Two check marks to the left of Gross Earnings
- Special indicator messages
- Negative figures
- A terminated status with no earnings and a Qualified Pension indicator that displays Yes
Explore: Company Totals Page

The Company Totals page includes the following information:

- Quantitative totals: Depending on the sort sequence, the types of Totals pages can include company, department, and data control.

- Jurisdiction Recap: Activity within each company or corporation displays totals for federal, SUI, state, local, county, Ohio School District jurisdictions, and Wyoming Workers' Compensation analysis as required.

Contents
### Explore: Special Reports

<table>
<thead>
<tr>
<th>Special Report</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>State/SUI Credit Report</td>
<td>Displays employees with QTD credit conditions. The tax reports on which employees may be excluded are displayed in the Special Indicators section.</td>
</tr>
<tr>
<td>SIT Credit Report</td>
<td>Displays employees with YTD credit conditions. The tax reports on which employees may be excluded are displayed in the Special Indicators section.</td>
</tr>
<tr>
<td>Disqualification Report</td>
<td>Displays employees who have been disqualified from certain year-end reports for reasons other than credit conditions, such as a city tax amount without an associated city tax code.</td>
</tr>
<tr>
<td>FICA Tip Refund (tip companies only)</td>
<td>Displays employees whose total wages and tips exceed the Social Security taxable limits.</td>
</tr>
<tr>
<td>Cafeteria 125 Plan Benefits Register</td>
<td>Displays employees with QTD and YTD medical, dental, and other plan dollars associated with a cafeteria 125 plan.</td>
</tr>
</tbody>
</table>
Credit Employees

A credit employee is one who has either a negative quarter-to-date amount or a quarter-to-date amount that is greater than the corresponding year-to-date amount for the following:

- Gross earnings
- Tips
- Tip credits
- Employer-paid Medicare or Medicare surtax
- Social Security tax
- Medicare tax or Medicare surtax
- Employee or employer Social Security wages
- Employee or employer Medicare or Medicare surtax wages
- Federal withheld
- FUTA wages
- SUI wages
- FUTA taxable exempt
- SUI taxable exempt
- Third-party sick pay taxable
- Third-party sick pay Social Security tax, Medicare tax, or Medicare surtax
- Cafeteria 125 benefits
- Deferred compensation
- Group term life
## Special Indicators

### Overview

Special indicators on the Wage & Tax Register can affect your quarterly and annual tax reports. The following tables describe the most common special indicators that affect these reports.

## Special Indicators, Descriptions, and Effects: Quarterly Tax Reports

<table>
<thead>
<tr>
<th>Special Indicator</th>
<th>Description</th>
<th>Effect If You Use Tax Filing Service</th>
<th>Effect If You Do Not Use Tax Filing Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUI Credit</td>
<td>An employee’s negative quarter-to-date amount affects the Quarterly Wage Report.</td>
<td>The employee with negative SUI taxable wages for the quarter will not be displayed on the Quarterly Wage Report submitted by ADP.</td>
<td>The employee with negative SUI taxable wages for the quarter will be excluded from the Quarterly Wage Report.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In addition, the negative SUI wages will be charged back to a previous quarter, and an automatic amendment will be completed by Financial Services.</td>
<td></td>
</tr>
<tr>
<td>941 Credit</td>
<td>An employee’s negative quarter-to-date amount affects the quarterly Form 941 tax return.</td>
<td>The employee’s totals will be added to or subtracted from company totals on the Form 941 return filed by ADP.</td>
<td>The employee is excluded from the Form 941.</td>
</tr>
<tr>
<td>Invalid Social Security Number</td>
<td>An employee’s invalid Social Security number affects the Quarterly Wage Report and the employee’s Form W-2.</td>
<td>The employee will not be correctly identified on the Quarterly Wage Report. If not corrected by the end of the year, the employee’s Form W-2 will be incorrect or may not be produced.</td>
<td>The employee will be excluded from the Quarterly Wage Report. If not corrected by the end of the year, the employee’s Form W-2 will be incorrect or may not be produced.</td>
</tr>
</tbody>
</table>
### Special Indicators, Descriptions, and Effects: Annual Tax Reports

<table>
<thead>
<tr>
<th>Special Indicator</th>
<th>Description</th>
<th>Effect If You Use Tax Filing Service</th>
<th>Effect If You Do Not Use Tax Filing Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>YE Credit</td>
<td>An employee’s negative year-to-date amount affects the federal annual reconciliation reports.</td>
<td>The employee’s information and totals will not be included in federal annual reconciliation reports for Form W-2 or Form 1099 information. The employee will not get a Form W-2 or Form 1099.</td>
<td>The employee’s information and totals will not be included in federal annual reconciliation reports for Form W-2 or Form 1099 information. The employee will not get a Form W-2 or Form 1099.</td>
</tr>
<tr>
<td>Excluded from State/City Reconciliation Report</td>
<td>An employee’s negative state and/or local tax-related amount affects state and local annual reconciliation reports.</td>
<td>The employee’s information and totals will not be included in state and local annual reconciliation reports for Form W-2 information.</td>
<td>The employee’s information and totals will not be included in state and local annual reconciliation reports for Form W-2 information.</td>
</tr>
</tbody>
</table>

### Important Information

When special indicators are present on your Wage & Tax Register, note the following:

- Not every credit condition can be corrected using the same procedure, so it is critical that you contact your ADP service team immediately to discuss resolution options.

- Year-end special indicators can be present on the Wage & Tax Register throughout the year—not just at the end of the year.
Learning Activity: Wage & Tax Register Scavenger Hunt

Instructions
Access the Wage & Tax Register in your reports manual and locate the required information to answer the following questions.

Questions
1. How much has Frank Cavallo contributed to his 401(k) for the quarter?

2. How much has John Dexter contributed to his dependent FSA for the quarter?

3. How much has Thomas Evers contributed to group term life for the quarter?

4. What are Charles Fager's FUTA taxable wages for the quarter?

5. What is the total number of active employees for company code AQN?

6. What is the total SUI amount withheld for the state of New Jersey for the year?

7. How much has Cynthia Rogers contributed for the year to her dental plan, which is part of the company's cafeteria 125 plan?
Quarterly Wage Report

Overview

ADP produces the Quarterly Wage Report to help employers file the state-required Quarterly Contribution report. The Quarterly Wage Report contains wages paid this quarter, SUI taxable wages, and the total unemployment taxes due this quarter.

Explore: Quarterly Wage Report

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detail</td>
<td>For states that require a supporting list of all employees who were paid during the quarter, a detail page is displayed with the employee's name, Social Security number, and total wages. Some states require additional information which can include number of weeks worked, SUI taxable wages, hire date, termination date, and so on.</td>
</tr>
<tr>
<td>Totals</td>
<td>For states that do not require a detailed list of employees, only a totals page is printed with headings that reflect each state's requirements.</td>
</tr>
<tr>
<td>Credit</td>
<td>For employees who have a credit condition, a separate credit page is printed for each state with the heading &quot;Credit Page Do Not File.&quot;</td>
</tr>
</tbody>
</table>
What You Receive

- Tax Filing Service: If ADP is responsible for filing a report with a particular state, you will receive a reference copy for that state. You can view the Quarterly Wage Detail reports that ADP filed on your behalf by accessing ADP SmartCompliance through the current version of ADP Workforce Now or on the ADP Support Center.

- Non-Tax Filing Service: If you are responsible for filing a report, you will receive a filing copy and a reference copy. The filing copy can vary by state.
Form 941: Employer's Quarterly Federal Tax Return

Overview

Form 941, the Employer's Quarterly Federal Tax Return, is a quarterly return that employers file to report the following wages, tips, and other compensation to the IRS:

- Wages paid by the employer
- Tips received by employees
- Federal income tax withheld by the employer
- Both the employer's and the employee's share of Social Security and Medicare taxes
- Employee's Medicare surtax
- Current quarter adjustments to Social Security and Medicare taxes for sick pay, tips, and group term life insurance
- Prior quarter adjustments to payroll taxes

Employers who are semiweekly depositors for any part of the quarter must also file Schedule B of Form 941 to report daily tax liabilities.

Example
Variations of Form 941

<table>
<thead>
<tr>
<th>Form</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>943</td>
<td>Quarterly Federal Tax Return for agricultural workers</td>
</tr>
<tr>
<td>945</td>
<td>Employers who annually report backup withholding, pensions, annuities, individual retirement accounts, retirement pay from the armed forces, and gambling winnings</td>
</tr>
</tbody>
</table>

Important: You must be set up with a separate control in order for ADP to file Form 945.

What You Receive

- Tax Filing Service: You will not receive a Form 941 from ADP. Instead, you will receive a quarterly Statement of Deposits & Filings. You can view the Form 941 that ADP filed on your behalf by accessing ADP SmartCompliance through the current version of ADP Workforce Now or on the ADP Support Center.
- Deposit only or non-Tax Filing Service: If you are responsible for filing a report, you will receive a filing copy and a reference copy.

Form 941 Filing Dates

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Months in Quarter</th>
<th>Quarter Ends</th>
<th>Form 941 Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>Jan., Feb., March</td>
<td>March 31</td>
<td>April 30</td>
</tr>
<tr>
<td>Second</td>
<td>April, May, June</td>
<td>June 30</td>
<td>July 31</td>
</tr>
<tr>
<td>Third</td>
<td>July, Aug., Sep.</td>
<td>September 30</td>
<td>October 31</td>
</tr>
</tbody>
</table>
Quarterly Statement of Deposits & Filings

Overview

The Statement of Deposits & Filings provides details of all tax activities and deposits conducted by ADP on your behalf if you are set up with Tax Filing Service or as deposit only.

Explore: Quarterly Statement of Deposits & Filings

The Statement of Deposits & Filings includes the following pages:

- Cover letter
- Federal page for quarterly Form 941 information
- Federal 943 page (if applicable)
- FUTA page (annual SOD only)
- State page (for each state)
- Local pages (if applicable)
Additional Resources

To learn more about quarter-end processing tasks, access the quarter-end resources on The Bridge.
Online Quarterly Reports

Overview

You can access your quarterly reports online through ADP Workforce Now or on the ADP Support Center.

Accessing the Reports

Instructions: Wage & Tax Register

<table>
<thead>
<tr>
<th>If You Use</th>
<th>Then</th>
</tr>
</thead>
</table>
| The current version of ADP Workforce Now                | 1. Select Reports > Additional Reporting > PR & Qtrly Tax Reports.  
|                                                         | 2. In the Report Type field, select Quarterly Processing.  |
| Workforce Now                                           | 2. Click Reports.  
|                                                         | 3. In the Report Type field, select Quarterly Processing.  |

Note: To access the Wage & Tax Register online, you must have the Payroll and Quarterly Tax Reports Online (iReports) feature.

Instructions: Quarterly Wage Report

<table>
<thead>
<tr>
<th>If You Use</th>
<th>Then</th>
</tr>
</thead>
</table>
| The current version of ADP Workforce Now                | 1. Select Reports > Tax & Banking > Tax Reporting & Banking.  
|                                                         | 2. On the ADP SmartCompliance Homepage, select Reports > Employment Tax > Quarterly > Employee Wage Detail - State.  |
| A solution other than the current version of ADP        | 1. Access the ADP Support Center > SmartCompliance.  
| Workforce Now                                           | 2. On the ADP SmartCompliance Homepage, select Reports > Employment Tax > Quarterly > Employee Wage Detail - State.  |
### Accessing the Reports (cont.)

#### Instructions: Form 941: Employer’s Quarterly Federal Tax Return

<table>
<thead>
<tr>
<th>If You Use</th>
<th>Then</th>
</tr>
</thead>
<tbody>
<tr>
<td>The current version of ADP Workforce Now</td>
<td>Select Reports &gt; Tax &amp; Banking &gt; Forms 940 and 941.</td>
</tr>
<tr>
<td>A solution other than the current version of ADP Workforce Now</td>
<td>1. Access the ADP Support Center &gt; SmartCompliance.</td>
</tr>
<tr>
<td></td>
<td>2. On the ADP SmartCompliance Home page, select Reports &gt; Employment Tax &gt; Quarterly &gt; 941 Filing.</td>
</tr>
</tbody>
</table>

#### Instructions: Statement of Deposits & Filings

<table>
<thead>
<tr>
<th>If You Use</th>
<th>Then</th>
</tr>
</thead>
<tbody>
<tr>
<td>The current version of ADP Workforce Now</td>
<td>Select Reports &gt; Tax &amp; Banking &gt; Statement of Deposit.</td>
</tr>
<tr>
<td>A solution other than the current version of ADP Workforce Now</td>
<td>1. Access the ADP Support Center &gt; SmartCompliance.</td>
</tr>
<tr>
<td></td>
<td>2. On the ADP SmartCompliance Home page, select Reports &gt; Employment Tax &gt; Quarterly &gt; SOD Quarterly.</td>
</tr>
</tbody>
</table>
Knowledge Check

1. Match the term on the left with its description on the right.

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly Wage Report</td>
<td>a. Provides a detailed list by employee of quarter- and year-to-date wages,</td>
</tr>
<tr>
<td></td>
<td>taxes, taxables, and other tax-related data</td>
</tr>
<tr>
<td>Wage &amp; Tax Register</td>
<td>b. Provides information specific to your company’s setup, as well as SIT and</td>
</tr>
<tr>
<td></td>
<td>SUI identification numbers</td>
</tr>
<tr>
<td>Statement of Deposits &amp; Filings</td>
<td>c. Used by employers to report federal income tax and Social Security and</td>
</tr>
<tr>
<td></td>
<td>Medicare taxes</td>
</tr>
<tr>
<td>Quarterly Tax Verification</td>
<td>d. Provides details of all tax activity and deposits conducted by ADP on</td>
</tr>
<tr>
<td>Letter</td>
<td>your behalf</td>
</tr>
<tr>
<td>Form 941</td>
<td>e. Provides details on wages paid for a specific quarter, SUI taxable wages,</td>
</tr>
<tr>
<td></td>
<td>and total unemployment taxes due in the current quarter</td>
</tr>
</tbody>
</table>

2. If you use ADP’s Tax Filing Service, you will receive a Form 941 each quarter.
   a. True
   b. False

3. Which scenario can cause an employee to be flagged as a credit employee on the Wage & Tax Register?
   a. Updating a manual check for an employee in the current quarter
   b. Voiding $400 in earnings in the first quarter from an employee who has currently earned $4,000 in the first quarter
   c. Voiding a check in the third quarter for an employee who has not earned wages in that quarter
Course Closing

Continuing Education Credits

ADP is an approved provider of recertification credit hours (RCHs) by the American Payroll Association (APA) and continuing professional education (CPE) credits by the National Association of State Boards of Accountancy (NASBA). Most ADP courses are eligible for RCHs and CPE credits.

RCHs and CPE credits provide recognition for updating or broadening professional competencies and may be used to maintain certifications such as the Certified Payroll Professional (CPP), Certified Public Accountant (CPA), or the Society for Human Resource Management (SHRM). Professional organizations establish their own certification procedures, which are subject to change.

Professional organizations often require documentation of class objectives, agenda, and duration, along with a certificate of completion. This information is provided at the end of your handout manual. At your request, your instructor will provide you with a certificate of completion at the end of this class.
Training Evaluation

Please take a moment to complete the evaluation.
Quarter Processing: Using Tax Reports to Prepare for Quarter End (34586_2)

Program Content
This course prepares participants to use tax reports to successfully close each quarter. Topics include the Quarterly Tax Verification Letter, the Wage & Tax Register, the Quarterly Wage Report, the Form 941: Employer’s Quarterly Federal Tax Return, and the quarterly Statement of Deposits & Filings.

Objectives
Upon completing this session, participants will be prepared to do the following:

- Identify the quarterly tax reports received each quarter.
- Identify credit conditions.
- Determine why an employee is not included in a tax report.
- Access quarterly reports online through ADP Workforce Now or on the ADP Support Center.

Audience
This course is intended for those participants who are responsible for reconciling payroll each quarter.

Prerequisites
None

Advance Preparation
None

Participant Materials
Participants will need to download or print the Quarter Processing: Using Tax Reports to Prepare for Quarter End handout manual and the Quarter Processing: Using Tax Reports to Prepare for Quarter End reports manual before attending class.

Method of Presentation
Virtual class (VC), Group Internet Based

Duration
1 hour, 30 minutes
Continuing Education Credits

This course may be eligible for the following recertification credit hours (RCHs) and continuing professional education (CPE) credits:

RCH: 1.5
CPE: 1.5

Note: ADP is unable to grant formal RCH and CPE credits to a participant logged on to class through a mobile device. For more information, see the Training Policy.

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted on a 50-minute hour.

ADP, LLC, Employer Services, is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.nasbaregistry.org.

In accordance with the American Payroll Association (APA), recertification credit hours (RCHs) apply to Certified Payroll Professional (CPP) and Fundamental Payroll Certification (FPC) credentials.

Recommended Field of Study (NASBA)
Specialized Knowledge and Applications

Cost and Training Policy
For information about course cost, registration, and cancellation policies, refer to the Training Policy.

Learning Records and Privacy Policy
Learner records are available on Learn@ADP within 24 hours after participants complete their training classes. To access learner records, refer to these instructions.

View ADP's Privacy Policy on Learn@ADP.