

**2011 Deposit Requirements**

Under the IRS simplified deposit and reporting requirements, each company is a monthly or semiweekly depositor. The IRS notifies a company each November as to its deposit status for the coming year. If a company does not receive notification, the company must determine its own deposit status based on the payroll taxes reported during the four quarters of the lookback period (explained below).

**Lookback Period**

Your deposit schedule for a calendar year is determined from the total taxes reported on your **Form 941** in the four quarter lookback period of July 1 of the second preceding year through June 30 of the prior year. These four quarters are your lookback period even if you did not report any taxes for any of those quarters.

**Monthly Rule**

Under the monthly rule, employment and other taxes withheld on payments made during a calendar month, must be deposited by the 15<sup>th</sup> day of the following month. An employer is a monthly depositor for a calendar year if the total employment taxes for the lookback period were \$50,000 or less.

**New Employers**

Generally, during your first year of operations you will be a monthly depositor. However, see the \$100,000 one-day rule.

**Semi-weekly Rule**

An employer is a semi-weekly depositor for a calendar year if the total employment taxes during its lookback period were more than \$50,000. Under the semi-weekly rule, amounts accumulated on payrolls paid on Wednesday, Thursday, and/or Friday must be deposited by the following Wednesday. Amounts accumulated on payments made on Saturday, Sunday, Monday, and/or Tuesday must be deposited by the following Friday.

**Deposits on Business Days Only**

If a deposit is required to be made on a day that is not a business day, the deposit is considered to have been made timely if it is made by the close of the next business day.

A special rule is provided for semi-weekly depositors which allows these depositors at least three (3) days to make a deposit. For example, if a semi-weekly depositor has employment taxes accumulated for payments made on Friday, and the following Monday is not a business day, deposits made by the following Thursday would be considered timely.

**\$2,500/\$1,500 Rule**

If an employer accumulates less than a \$2,500 Federal payroll tax liability during a quarter (\$1,500 for Minnesota), no deposits are required and this liability may be paid with the tax return for the quarter. However, if you are unsure that you will accumulate less than the above amounts, it would be prudent to deposit in accordance with the monthly depositor rules.

**\$100,000 One-Day Rule**

If the total accumulated tax reaches \$100,000 or more on any day during a deposit period, it must be deposited by the next business day, whether an employer is a monthly or a semi-weekly depositor. For monthly depositors, the deposit period is a calendar month. The deposit periods for a semi-weekly depositor are Wednesday through Friday and Saturday through Tuesday. For purposes of the \$100,000 rule, do not continue accumulating employment tax liability after the end of a deposit period.

If a monthly depositor accumulates a \$100,000 tax liability on any day, it becomes a semi-weekly depositor on the next day and remains so for the remainder of the calendar year.

**Quarterly Due Dates**

Quarterly Federal and Minnesota payroll tax returns are due:

May 2, 2011
August 1, 2011
October 31, 2011
January 31, 2012

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	Social Security (FICA)*			
	2011*		2010*	
	Wage Base	Tax Rate	Wage Base	Tax Rate
<b>Employer/Employee</b>	\$106,800	6.20%	\$106,800	6.20%
<b>Self-employed</b>	\$106,800	12.40%	\$106,800	12.40%

\* Plus Medicare tax of 1.45% for employer/employee on all wages; 2.9% for all self-employment income.

**Federal Unemployment Taxes**

If an accumulated liability reaches \$500, a deposit is due quarterly on or before the last day of the month following the close of the quarter. The tax is 0.8% of the first \$7,000 paid to each employee as wages during calendar year.

**Minnesota Payroll Taxes**

Minnesota has adopted the Federal deposit regulations. Your deposit status for Federal and Minnesota purposes will be the same. There are three (3) exceptions:

- 1) Minnesota did not adopt the Federal \$100,000 rule;
- 2) If you are an annual filer for Minnesota purposes, you must make a deposit whenever your withholding balance exceeds \$500. The deposit is due the last day of the following month. Generally, these are small businesses with annual withholding of \$500 or less;
- 3) If \$1,500 or less in Minnesota tax was withheld in the previous quarter, withholding for the current quarter may be paid by the last day of the month following the end of the quarter.

**Minnesota Unemployment Tax**—Wage reports for each employee must include the number of paid hours worked. This is in addition to the name, social security number, and total wages paid in the quarter. For calendar year 2011, the taxable wage base will be \$27,000; the minimum tax rate will be 0.7014%; the maximum tax rate will be 11.05%, both of which include the workforce development fee of .12% in effect until July 1. Thereafter, the workforce development fee drops to .10%. The rate for new employers and others not eligible for an experience rate will be 3.5037% (11.05% for employers in the high experience industry). 25% shareholders are automatically excluded initially, but may elect to be covered.

**Deposit and Reporting Deadlines**—If your tax payment is not received by an authorized depository on or before the due date when mailed, interest and a penalty will be charged unless you can prove the payment was mailed at least two days (Minnesota-one day) before the date payment was required to be made.

## CORPORATE INCOME TAX DUE DATES

Tax Year End	Return Due Date	Federal Estimated Taxes			
		1 <sup>st</sup> QTR	2 <sup>nd</sup> QTR	3 <sup>rd</sup> QTR	4 <sup>th</sup> QTR
1-31	4-15	5-15	7-15	10-15	1-15
2-28	5-15	6-15	8-15	11-15	2-15
3-31	6-15	7-15	9-15	12-15	3-15
4-30	7-15	8-15	10-15	1-15	4-15
5-31	8-15	9-15	11-15	2-15	5-15
6-30	9-15	10-15	12-15	3-15	6-15
7-31	10-15	11-15	1-15	4-15	7-15
8-31	11-15	12-15	2-15	5-15	8-15
9-30	12-15	1-15	3-15	6-15	9-15
10-31	1-15	2-15	4-15	7-15	10-15
11-30	2-15	3-15	5-15	8-15	11-15
12-31	3-15	4-15	6-15	9-15	12-15

Minnesota due dates for 1<sup>st</sup> Quarter estimated tax payments are the same as the tax return due date. The remaining three quarters are similar to the Federal due dates.

## MISCELLANEOUS

- Deposit Federal corporation income tax payments (and estimated tax payments). See the following Electronic Federal Tax Payment System (EFTPS) section for more details.
- Mail Minnesota corporation estimated tax payments with Estimated Tax Voucher **Form M-18**. See EFTPS section for filing state payments electronically.
- Partnership and S Corporations are required to pay estimated tax payments if their Minnesota minimum fee is \$500 or more. Use Deposit Coupon **Form M-71** and **Form M-72** for Partnerships and S Corporations, respectively. See EFTPS section for filing state payments electronically.

## ELECTRONIC FUNDS TRANSFER

### Electronic Federal Tax Payment System (EFTPS)

Beginning January 1, 2011, you will most likely be required to make your Federal tax deposits electronically. Payments made with Form 8109, Federal Tax Deposit Coupon will no longer be accepted at your bank. If your Federal tax liability is less than \$2,500 per tax return, you may elect to pay the tax with the return. If you do not meet this *de minimus* threshold, then you will be required to pay tax electronically using EFTPS.

Filing electronically does not change any due dates. This applies to all Federal taxes, not just payroll taxes.

For general information and instructions, contact the EFTPS Customer Service at (800) 555-4477 or [www.eftps.gov](http://www.eftps.gov).

### In Minnesota

Businesses in Minnesota with annual minimum tax of amounts listed below for one or more tax types are required to remit all tax payments using Electronic Funds Transfer.

Tax Type	Annual Amount
Sales and Use	\$10,000
Corporate Income Tax	\$10,000
Withholding	\$10,000
MinnesotaCare Taxes	\$10,000
Petroleum Taxes	No minimum
Cigarette/Tobacco	\$10,000
Alcohol	\$10,000
Distributor Tax (Pull Tabs)	\$10,000
Insurance Premium	\$10,000
Fire Insurance	\$10,000

*Filing electronically does not change any due dates and taxpayers are still required to file the proper tax return with the department. For general information and instructions, contact the **Minnesota Department of Revenue** at (800) 570-3329 or on-line at [www.taxes.state.mn.us](http://www.taxes.state.mn.us).*

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# 2011 Payroll Tax Guide

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