

Personnel/Payroll Association
Finalizing Year-End 2008 and Correcting Errors Discovered in 2009
January 29, 2009

Sample Case: 2008 941-to-W-2 Reconciliation

- Should be completed throughout the year
- Fractions: Should balance to zero!

Get off to a good start—reconcile taxes each payroll in 2009 by:

- Running W-3 report in Tax Reporter (PU19)
- Running 941
- Use amounts to complete reconciliation
- Look for amounts on line 7c of 941—may indicate employee share of payroll taxes not deducted
- Perform Tax Deposit Reconciliation
 - § Compares HRMS data and AFRS data to ensure correct deposits have been made
 - § available on OFM Payroll Resources Site

2008 Duplicate Form W-2 available on OFM Payroll Resources Site

- **Only** use for:
 - § replacement of lost Form W-2
 - § reporting of other state taxes
- **Do not use for correction**—use Form W-2C instead
- **SSA Business Services Online**
 - § Agencies may enroll at (<http://www.ssa.gov/employer>)
 - § Allows print and submission of Form W-2 corrections online
 - § Only for prior tax year—2008 right now
 - § Contact OFM for more details
- Remember, W-2 corrections generally require a 941 correction.

941-X Basic Information:

- **Replaces 941c** for errors discovered on or **after January 1, 2009** for any tax year
- 941c obsolete
- We're now amending 941 returns instead of correcting them with the next return
- **1st quarter 2009 941** mailed to agency will be **missing line 7d-g**, related to prior-quarter corrections
- Fillable form and instructions available at <http://www.irs.gov/formspubs>
- **Read instructions before use**—significant changes
- **File 941-X separately** from 941
- **Due date** for 941-X filing--**Same date as 941** for quarter in which error discovered
 - § For example: Found error in January 2009 for any time in 2008. 941-X due April 31, 2009
 - § Deposits resulting from corrections have same due date as 941-X
- Use EFTPS for deposits

941-X Example (on screen):

- § Part 1: Are we reporting an **underpayment** of taxes **or** an **overpayment** of taxes? Or both?

- § Part 2: Certifying
 - we're properly correcting W-2
 - we've got **employees' permission** to get refunds of Social Security/Medicare
 - we've already **given employees refunds** to which they're entitled
 - OFM advises to keep quarters clean & separate, never ask for credit (as opposed to refund). Item 4 will rarely be used.

- § Part 3: Corrections, in four columns:
 - Col. 1: Corrected amount
 - Col. 2: Incorrect amount
 - Col. 3: Difference between Cols. 1 and 2. This number *can* be negative
 - Col. 4: Tax calculations on difference (This is a lot easier than the old form!)
 - Items come **directly from** appropriate lines on Form **941**
 - Line 17: Positive if you owe, negative if you get credit or refund

- § Part 4: Explanation section
 - Complete
 - Detailed

- § Part 5: Signature Block

- § Third Page: Quick directions on how to approach the form.
 - Ex: If correcting overpayment **and** underpayment, and you want a refund for the overpayment, complete two separate forms

Questions?

- Contact OFM Statewide Accounting:
 - § Steve Nielson, steve.nielson@ofm.wa.gov, 360-664-7681
 - § Steve Ketelsen, steve.ketelsen@ofm.wa.gov, 360-664-7777

Useful Links

- 941-X <http://www.irs.gov/pub/irs-pdf/f941x.pdf>
- 941-X instructions <http://www.irs.gov/instructions/i941x/index.html>
- OFM Payroll Resources <http://www.ofm.wa.gov/resources/payroll.asp>
- IRS Forms and Publications <http://www.irs.gov/formspubs/>