

You can then estimate the quarterly income tax withheld:

<u>Employees</u>		<u>Amount Withheld</u>		<u>Weekly Withholding Liability</u>
24	x	\$ 3.00	=	\$ 72.00
6	x	\$12.90	=	\$ 77.40
4	x	\$56.90	=	\$ 227.00
Total weekly liability				\$ 377.00
Weeks per quarter				x 13
Quarterly withholding liability				= \$ 4,901.00

Example 2

When you cannot use Circular E, use the standard flat percentage rate. Based on the quarterly payroll in example 1, the quarterly withholding liability would be \$8,751.60 (\$51,480 x .17 = \$8,751.60).

Multiply the FICA rates by wages paid to determine the last component necessary to compute the employment tax liability. The preparation of the return was covered in Module D. To complete the unemployment tax return (Form 940) you will take the total wage figure for the year along with any other applicable information and prepare the return.

THE PARTNERSHIP RETURN

Form 1065, U.S. Partnership Return of Income, is an information return required for the effective administration of the tax system. This return provides a report of a partnership's financial operations and each partner's share of income and credit. Each partner is then responsible for reporting their share of income and credit on their 1040. Congress has enacted a civil penalty for filing Form 1065 late. The penalty for late filing is \$50 per month or portion of a month (not to exceed 5 months) times the number of partners in the partnership during the year.

The information necessary to file a partnership's return of income under IRC section 6020(b) is the information necessary to assess the penalty:

1. The partnership's name
2. The partnership's address
3. The partnership's EIN and
4. The number of partners in the partnership (see figure 23-3).