

# Annual Record of Federal Tax Liability

Department of the Treasury  
Internal Revenue Service

▶ **File with Form 945, CT-1, 944, or Form 944-SS.**

Name (as shown on Form 945, CT-1, 944, or Form 944-SS)

Employer identification number (EIN)

January Tax Liability				February Tax Liability				March Tax Liability			
1		17		1		17		1		17	
2		18		2		18		2		18	
3		19		3		19		3		19	
4		20		4		20		4		20	
5		21		5		21		5		21	
6		22		6		22		6		22	
7		23		7		23		7		23	
8		24		8		24		8		24	
9		25		9		25		9		25	
10		26		10		26		10		26	
11		27		11		27		11		27	
12		28		12		28		12		28	
13		29		13		29		13		29	
14		30		14				14		30	
15		31		15				15		31	
16				16				16			
<b>A Total for month ▶</b>				<b>B Total for month ▶</b>				<b>C Total for month ▶</b>			

April Tax Liability				May Tax Liability				June Tax Liability			
1		17		1		17		1		17	
2		18		2		18		2		18	
3		19		3		19		3		19	
4		20		4		20		4		20	
5		21		5		21		5		21	
6		22		6		22		6		22	
7		23		7		23		7		23	
8		24		8		24		8		24	
9		25		9		25		9		25	
10		26		10		26		10		26	
11		27		11		27		11		27	
12		28		12		28		12		28	
13		29		13		29		13		29	
14		30		14		30		14		30	
15				15		31		15			
16				16				16			
<b>D Total for month ▶</b>				<b>E Total for month ▶</b>				<b>F Total for month ▶</b>			

July Tax Liability				August Tax Liability				September Tax Liability			
1		17		1		17		1		17	
2		18		2		18		2		18	
3		19		3		19		3		19	
4		20		4		20		4		20	
5		21		5		21		5		21	
6		22		6		22		6		22	
7		23		7		23		7		23	
8		24		8		24		8		24	
9		25		9		25		9		25	
10		26		10		26		10		26	
11		27		11		27		11		27	
12		28		12		28		12		28	
13		29		13		29		13		29	
14		30		14		30		14		30	
15		31		15		31		15			
16				16				16			
<b>G Total for month ▶</b>				<b>H Total for month ▶</b>				<b>I Total for month ▶</b>			

October Tax Liability				November Tax Liability				December Tax Liability			
1		17		1		17		1		17	
2		18		2		18		2		18	
3		19		3		19		3		19	
4		20		4		20		4		20	
5		21		5		21		5		21	
6		22		6		22		6		22	
7		23		7		23		7		23	
8		24		8		24		8		24	
9		25		9		25		9		25	
10		26		10		26		10		26	
11		27		11		27		11		27	
12		28		12		28		12		28	
13		29		13		29		13		29	
14		30		14		30		14		30	
15		31		15				15		31	
16				16				16			
<b>J Total for month ▶</b>				<b>K Total for month ▶</b>				<b>L Total for month ▶</b>			

**M** Total tax liability for the year (add lines **A** through **L**). This should equal line 4 on Form 945 (line 13 on Form CT-1, line 9 on Form 944, or line 7 on Form 944-SS.) ▶

# General Instructions

**Purpose of form.** Use Form 945-A to report your federal tax liability (based on the dates payments were made or wages were paid) for the following tax returns.

- Form 945, Annual Return of Withheld Federal Income Tax, for federal income tax withholding on nonpayroll payments. Nonpayroll withholding includes backup withholding and federal income tax withholding on pensions, annuities, IRAs, Indian Gaming profits, gambling winnings, and military retirement.
- Form CT-1, Employer's Annual Railroad Retirement Tax Return, for withheld Tier I and Tier II taxes.
- Form 944, Employer's ANNUAL Federal Tax Return, for federal income tax withheld and social security and Medicare taxes.
- Form 944-SS, Employer's ANNUAL Federal Tax Return for American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands, for social security and Medicare taxes.

**Note.** Form 945-A is a report of your tax liability, not a summary of deposits made. The IRS gets deposit data from Form 8109, Federal Tax Deposit Coupon, or from the Electronic Federal Tax Payment System (EFTPS). Do not file Form 945-A if your tax liability for the return period is less than \$2,500.

**Forms 944-PR and 944(SP).** If you are a semiweekly schedule depositor who files Forma 944-PR, Planilla para la Declaración Federal ANUAL del Patrono, or Forma 944(SP), Declaración Federal ANUAL de Impuestos del Patrono o Empleador, you should use Forma 943A-PR, Registro de la Obligación Contributiva Federal del Patrono Agrícola, to report your tax liability.

**Who must file.** Semiweekly schedule depositors are required to complete and file Form 945-A with their tax return (Form 945, CT-1, 944, or 944-SS). Do not complete this form if you are a monthly schedule depositor, unless you accumulated a tax liability of \$100,000 during any month of the year. Monthly schedule depositors who accumulate \$100,000 become semiweekly schedule depositors for the remainder of the year (and the next year) and must complete Form 945-A for the entire year. The deposit rules, including the \$100,000 Next-Day Deposit Rule, are explained in section 11 of Pub. 15 (Circular E), Employer's Tax Guide; section 8 of Pub. 80 (Circular SS), Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and in the instructions for your tax return.

**Caution.** IRS uses Form 945-A to match the tax liability you reported on Forms 945, CT-1, 944, or Form 944-SS with your deposits. The IRS also uses Form 945-A to determine if you have deposited your withholding and employment tax liabilities on time. Unless Form 945-A is properly completed and filed (if applicable) with your federal income tax withholding or employment tax return, the IRS may propose an "averaged" failure-to-deposit penalty. See *Deposit Penalties* in section 11 of Pub. 15 (Circular E) or section 8 or Pub. 80 (Circular SS) for more information.

## Specific Instructions

If you are required to report your tax liabilities on Form 945-A as discussed above, file it with your tax return. Each numbered space on Form 945-A corresponds to a date during the year. Report your tax liabilities in the spaces that correspond to the dates you made payments, not the date tax deposits were made. For example, if you became liable for a pension distribution on December 31, 2005, but did not make the distribution until January 3, 2006, the federal income tax withholding liability for the distribution must be reported on Form 945-A for 2006, on line 3 under January Tax Liability.

**Form 945 filers.** Do not complete entries A through M of the *Monthly Summary of Federal Tax Liability* (line 8 on Form 945). Be sure to mark the semiweekly schedule depositor checkbox above line 8 on Form 945.

**Form CT-1 filers.** Do not complete the *Monthly Summary of Railroad Retirement Tax Liability* (page 2 on Form CT-1).

**Form 944 and 944-SS filers.** Check the "Line 9 ("Line 7" on Form 944-SS) is \$2,500 or more..." box in line 13, leave blank lines 13a-13m. Complete line 14 on Form 944.

**Example 1.** Cedar Co., which has a semiweekly deposit schedule, makes periodic payments on gambling winnings on the 15th day of each month. On December 24, 2006, in addition to its periodic payments, it withheld from a payment on gambling winnings under the backup withholding rules. Since Cedar Co. is a semiweekly schedule depositor, it **must** record these nonpayroll withholding liabilities on Form 945-A. It must report tax liabilities on line 15 for each month and line 24 for December.

Cedar Co. enters the monthly totals on lines **A** through **L**. It adds these monthly subtotals and enters the total tax liability for the year on line **M**. The amount on line **M** should equal line 4 of Form 945.

**Example 2.** Fir Co. is a semiweekly schedule depositor. During January, it withheld federal income tax on pension distributions as follows: \$52,000 on January 10; \$35,000 on January 24. Since Fir Co. is a semiweekly schedule depositor, it **must** record its federal income tax withholding liabilities on Form 945-A. It must record \$52,000 on line 10 and \$35,000 on line 24 for January.

**Example 3.** Because Elm Co. is a new business, it is a monthly schedule depositor for 2006. During January, it withheld federal income tax on nonpayroll payments as follows: \$2,000 on January 10; \$99,000 on January 24. The deposit rules require that a monthly schedule depositor begin depositing on a semiweekly deposit schedule when a \$100,000 or more tax liability is accumulated on any day within a month (see section 11 of Pub. 15 (Circular E) for details). Since Elm Co. accumulated \$101,000 (\$2,000 + \$99,000) on January 24, 2006, it became a semiweekly schedule depositor on January 25. Elm Co. must complete Form 945-A and file it with Form 945. It must record \$2,000 on line 10 and \$99,000 on line 24 for January. **No entries** should be made on line 8 of Form 945 although Elm Co. was a monthly schedule depositor until January 24.

**Adjustments.** Semiweekly schedule depositors must report adjustments on Form 945-A to correct **administrative errors** for federal income tax on Forms 945 and 944, to correct errors for taxes imposed by the Railroad Retirement Tax Act (RRTA) on prior Forms CT-1, and to correct errors for social security and Medicare taxes on prior Forms 944 and 944-SS. (**Reminder:** You will not be allowed a refund or credit for any prior year overpayment of federal income tax that you withheld or deducted from a payee.) For information on correcting administrative errors, see the instructions for your tax return and section 13 of Pub. 15 (Circular E) or section 9 of Pub. 80 (Circular SS). (The Pub. 15 (Circular E) instructions for making adjustments refer to Form 941, but they also apply to adjustments on other employment tax returns.) If the adjustment increases your current liability, report the adjustment on the entry space corresponding to the date the error was discovered. Adjust your tax deposit for the adjustment amount.

If the adjustment decreases your current liability, use the adjustment amount as a credit to offset subsequent liabilities on Form 945-A until it is used up. For example, on January 8, 2006, Oak Rail Co. discovered that a mathematical error was made on a prior year return, resulting in a \$10,000 overstatement of nonpayroll federal income tax withholding. Since the correct amounts were withheld and reported on Forms 1099-R, this is an administrative error that can be corrected on Form 945. Oak Rail Co. made payments subject to nonpayroll federal income tax withholding on January 3, 10, 17, 24, and 31 and had a \$5,000 tax liability for each of those pay dates. On Form 945-A, it must report \$5,000 on line 3 for January. The adjustment for the \$10,000 overstatement is used to offset the January 10 and 17 liabilities, so these two \$5,000 liabilities are not deposited or reported on Form 945-A. The \$5,000 liabilities for January 24 and 31 must be reported on lines 24 and 31 for January.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** . . . . . 6 hr., 27 min.
- Learning** . . . . . 6 min.
- Preparing and sending the form to the IRS** . . . . . 12 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the IRS at the address listed in the Privacy Act Notice for your tax return.