

## APPENDIX 3J

### Form 940 Preparation Checklist

Company: \_\_\_\_\_ Pay period: \_\_\_\_\_

Completed by: \_\_\_\_\_ Date: \_\_\_\_\_

Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_

**Instructions:** This checklist provides guidance for preparing and reviewing the 2023 Form 940 [*Employer's Annual Federal Unemployment (FUTA) Tax Return*]. After each step is completed, the accountant should answer each question by checking Yes, No, or N/A (not applicable). "No" answers indicate possible errors in completing the Form 940. Any additional steps performed or unusual matters noted while completing Form 940 should be documented in the client's file.

**Note:** This checklist applies to the 2023 Form 940. The checklist for the 2024 Form 940 will be posted on the Thomson Reuters PPC and Quickfinder updates website at [www.thomsonreuters.com/en-us/help/ppc-and-quickfinder-updates/ppc-aa-updates.html](http://www.thomsonreuters.com/en-us/help/ppc-and-quickfinder-updates/ppc-aa-updates.html) when it becomes available in late 2024.

Item	Yes	No	N/A
<b>General</b>			
1. Has the business information at the top of page 1 been reviewed?			
a. Is the business name exactly the name used when the business applied for an EIN on Form SS-4?			
b. Does the EIN entered exactly match the EIN assigned by the IRS?			
2. Has the official form been downloaded from the IRS website or a substitute form that complies with IRS procedures been used? The latest requirements for substitute Forms 940 can be found in IRS Pub. 1167 ( <i>General Rules and Specifications for Substitute Forms and Schedules</i> ).			
<b>Note:</b> The form available on the IRS website can be completed online and then printed.			
3. Are:			
a. Dollar entries made without dollar signs and decimals? (Commas are optional.)			
b. Dollars entered to the left of the preprinted decimal point and cents to the right?			
c. Data fields with a value of zero left blank?			
d. Negative amounts indicated by using a minus sign? The IRS prefers that minus signs be used for negative amounts. However, parentheses may be used if using software that only allows for parentheses in reporting negative amounts.			
e. Name and EIN entered on all pages and attachments?			
f. Address changes or changes to the employer's responsible party reported by completing and mailing Form 8822-B (Change of Address or Responsible Party—Business) to the IRS?			
g. Multiple sheets stapled in the upper left corner?			

Item	Yes	No	N/A
4. If the form is typed or completed using a computer, is 12-point Courier font used (if possible)?			
5. If Form 940 is being filed to correct a previously filed return:			
a. Is the business using a Form 940 for the year being amended?			
b. Is the appropriate box (i.e., the "Amended" box a.) at the top right of page 1 marked?			
c. Is the return being sent to the same IRS office where the original return was filed, using the "without a payment" address?			
d. Is a statement attached explaining why an amended return is being filed?			
6. If the employer requested an extension for filing the return by sending a written request to the IRS, is IRS extension approval attached to the Form 940?			
7. If applicable, are the rules to obtain the successor employer credit being followed and has box b. at the top right of page 1 been checked?			
8. If there were no payments to employees in the current year, has box c. at the top right of page 1 been checked?			
9. If the return is a final return, has box d. at the top right of page 1 been checked and has a statement showing the address at which the records will be kept and the name of the person keeping the records been included?			
<b>Part 1</b>			
10. If state unemployment tax was required to be paid in one state only, has the two-letter Postal Service abbreviation for that state been entered in box 1a?			
11. If state unemployment tax was paid in more than one state, has box 1b. been checked and Schedule A (Form 940) been completed?			
12. If wages were paid in a state that is subject to credit reduction, has box 2 been checked and Schedule A (Form 940) been completed?			
<b>Part 2</b>			
13. Has Form 940, line 3 been reconciled to Form W-3?			
14. For exempt payments on line 4:			
a. Have all exempt payments been identified?			
b. Have the appropriate boxes 4a–4e been checked to show the type of exempt payments on Part 2, line 4?			
15. Do excluded excess wage payments listed on Part 2, line 5:			
a. Omit any exempt payments included on Part 2, line 4?			
b. Use the federal \$7,000 wage limit and not the state's wage limit?			
c. Have a supporting detail calculation in the employer's records?			
16. Are total taxable FUTA wages entered on line 7?			
17. If Schedule A (Form 940) is completed because the employer paid wages in a credit reduction state, is the total of the FUTA wages entered for each applicable state on Schedule A (Form 940) equal to or less than the total FUTA wage amount entered on line 7 of Form 940?			

Item	Yes	No	N/A
<p><b>Note:</b> If all of the wages are paid in credit reduction states, the total of the FUTA wages entered for each applicable state on Schedule A (Form 940) should equal the total FUTA wage amount on line 7 of Form 940. If some of the wages are paid in noncredit reduction states, the total of the FUTA wages entered for each applicable state on Schedule A (Form 940) should be less than the total FUTA wage amount on line 7 of Form 940. The wage amounts on Schedule A (Form 940) are FUTA (not state) taxable wages. Therefore, the total of the FUTA wages entered for each applicable state on Schedule A (Form 940) should never be more than the total FUTA wage amount on line 7 of Form 940.</p>			
<p>18. If an employee worked in more than one state during the year, and at least one of the states was a credit reduction state, has the employer determined if the FUTA wages should be allocated to more than one state when completing Schedule A and, if so, properly allocated the wages?</p>			
<p>19. Has the wage amount on line 7 been multiplied by 0.006 and the result entered on line 8?</p>			
<b>Part 3</b>			
<p>20. If all of the taxable FUTA wages paid were excluded from state unemployment tax, has the adjustment to increase the FUTA tax been entered on Part 3, line 9?</p>			
<p>21. If only some of the taxable FUTA wages paid were excluded from state unemployment tax or if any state unemployment tax was paid late (i.e., after the due date for filing Form 940), has the adjustment to increase the FUTA tax been entered on Part 3, line 10?</p>			
<p style="padding-left: 40px;">a. Is the required adjustment computed by completing the worksheet in the Form 940 instructions?</p>			
<p style="padding-left: 40px;">b. Is the worksheet kept as a part of the employer's records and not filed with Form 940?</p>			
<p>22. Is the additional tax from credit reduction states properly reflected by state on Schedule A (Form 940) and in total on Part 3, line 11, of Form 940?</p>			
<b>Parts 4 and 5</b>			
<p>23. Do FUTA tax deposits recorded on the Form 940:</p>			
<p style="padding-left: 40px;">a. Agree, in total and by quarter, to the business's records?</p>			
<p style="padding-left: 40px;">b. Exclude state tax deposits?</p>			
<p>24. If payment is being made with the return, is the balance due \$500 or less, and if payment is by check or money order [versus EFTPS, credit or debit card, or electronic funds withdrawal (EFW)], is Form 940-V completed?</p>			
<p>25. Is any payment check accompanying the return made payable to the United States Treasury and does it have the employer identification number, "Form 940," and the tax year written on it or, if paying by EFTPS, credit or debit card, or EFW, have the proper procedures been followed?</p>			
<p>26. If the total FUTA tax shown on Part 4, line 12 is greater than \$500, has the employer timely deposited all amounts due by electronic funds transfer?</p>			
<p>27. If a credit reduction amount is entered on line 11, has that amount been added to the fourth quarter FUTA liability on line 16d?</p>			
<p>28. Does the total tax liability reported on line 17 equal the amount on line 12?</p>			

Item	Yes	No	N/A
<b>Parts 6 and 7</b>			
29. Is the third-party designee section of the form completed?			
30. Is the form signed:			
a. For a sole proprietorship: by the individual owning the business?			
b. For a corporation (including an LLC treated as a corporation): by a president, a vice president, or other principal officer?			
c. For a partnership (including an LLC treated as a partnership) or other unincorporated organization: by a partner, member, or officer who is responsible, duly authorized to sign and has knowledge of the organization's affairs?			
d. For a trust or estate: by a fiduciary?			
e. For a single member LLC treated as a disregarded entity for federal income tax purposes: by the LLC owner or a principal officer authorized to sign?			
f. By an agent or employee for whom an acceptable Form 2848 (Power of Attorney) has been filed?			
g. By a paid preparer, if applicable?			
(1) Has the paid preparer entered his or her Preparer Tax Identification Number (PTIN)?			
<b>Schedule R</b>			
31. If the Form 940 being filed is an aggregate return for home care service recipients, has Schedule R (Form 940) been properly completed by the payroll agent to allocate the aggregate amounts reported on Form 940 to each separate home care service recipient for whom the payroll agent is reporting, and electronically filed with Form 940 or attached to a paper Form 940 being filed?			
32. If the Form 940 being filed is an aggregate return for a certified professional employer organization (CPEO), has Schedule R (Form 940) been properly completed to allocate the aggregate amounts reported on Form 940 to each separate client and electronically filed with Form 940?			
33. Do the total amounts reported on Schedule R (Form 940) agree to the applicable aggregate amounts reported on Form 940?			
<b>Filing the Return</b>			
34. If not filed electronically, is the return being sent by certified mail, return receipt requested, or by an IRS designated delivery service to the appropriate address (depending on whether a payment is included with the return) listed in the Form 940 instructions?			