

APPENDIX 3N

Form 945 Preparation Checklist

Company: _____ Period: _____

Completed by: _____ Date: _____

Reviewed by: _____ Date: _____

Instructions: This checklist provides guidance for preparing and reviewing Form 945 (*Annual Return of Withheld Federal Income Tax*). 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 945. Any additional steps performed or unusual matters noted while completing Form 945 should be documented in the client’s file.

Note: This checklist applies to the 2023 Form 945. The checklist for the 2024 Form 945 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 when it becomes available in late 2024.

PROCEDURE	Yes	No	N/A
General Information			
1. Is the original Form 945 provided by the IRS (www.irs.gov) or a substitute Form 945 that complies with IRS being used?			
2. Are:			
a. Dollar entries made without dollar signs and decimals (commas are optional)?			
b. Negative amounts indicated by using a “minus” sign? (Parentheses may be used to report negative amounts if the employer’s software only allows for parentheses in reporting negative amounts.)			
3. Is the following information correctly stated on the return:			
a. Employer name and trade name?			
b. Address?			
c. Employer identification number or a notation “Applied For” and the date Form SS-4 (<i>Application for Employer Identification Number</i>) was submitted? ^a			
4. Are address changes or changes to the employer’s responsible party reported by changing the preprinted information on the form and completing and mailing Form 8822-B (<i>Change of Address or Responsible Party—Business</i>) to the IRS? Then, marking the box on Forms 945 that indicates an address change?			
5. If returns do not have to be filed in the future (i.e., because the employer goes out of business or ends operations):			
a. Is the box on line A of the form marked to indicate that fact?			
b. Is the date final payments were paid entered in the space on line A of the form?			

PROCEDURE	Yes	No	N/A
Specific Instructions			
6. Is the total of all income tax withheld on all Forms 1099 and W-2G earnings entered on line 1 of the form? ^b			
7. Is the total of all backup withholdings, including backup withholding on gambling winnings, regulated investment companies (RICs), and real estate investment trusts (REITs), included on line 2 of the form? ^c			
8. Form 945-X been filed separately for the correction of an administrative error?			
9. Have lines 1 and 2 been added and entered on line 3 of the form?			
10. Does the amount on line 3 of the form equal the total liability for the year reported on line 7M of the form? ^d			
11. Does line 4 of the form reflect the total deposits for the year, including any overpayment applied from the prior year and overpayments applied from Form 945-X?			
12. Does line 5 reflect a balance due of \$2,500, or less? ^e			
13. If more taxes were deposited than necessary during the year, is the appropriate box on line 6 marked to indicate whether the overpayment should be applied to the next return or refunded?			
14. If the total taxes shown on line 3 are greater than or equal to \$2,500:			
a. If the employer is a monthly depositor, are the monthly tax liabilities properly reported on line 7, and is the monthly schedule depositor box under line 6 marked?			
b. If the employer is a semiweekly depositor, is the proper box under line 6 marked, and is Form 945-A properly completed and attached?			
c. Do the amounts entered on line 7 or on Form 945-A represent liabilities for withholdings rather than the deposit of withholdings?			
Procedures To Be Performed before Filing the Return			
15. Have all questions on the return been answered?			
16. Is the Third-party Designee Section of the form completed?			
17. Is a paper form signed:			
a. For a sole proprietorship: by the individual owning the business?			
b. For a corporation: by a president, a vice president, or other principal officer?			
c. For a partnership or other unincorporated organization: by partner, member, or officer who is responsible and duly authorized and has knowledge of the organization's affairs?			
d. For a trust or estate: by a fiduciary?			
e. By an agent or employee for whom an acceptable Form 2678 (<i>Appointment of Agent</i>) or Form 2848 (<i>Power of Attorney and Declaration of Representative</i>) has been filed?			
18. If applicable, has the return been signed by the paid preparer?			
a. Has the paid preparer entered a Preparer Tax Identification Number (PTIN)?			

PROCEDURE	Yes	No	N/A
19. Most taxpayers are required to make all tax deposits using the Electronic Federal Tax Payment System (EFTPS). See discussion beginning at paragraph 304.6. However, if the total taxes for the year are less than \$2,500, the amount can be paid with the filed return. 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 on the back of Form 945?			
Note: Form 945 may be filed electronically.			
20. If the balance due shown on line 5 is less than \$2,500, has the employer enclosed a check made payable to the U.S. Treasury for the amount due?			
a. Has the employer included on the payment check its EIN, "Form 945," and the tax period to which the payment applies?			
b. Is a completed Form 945-V included with the payment?			
c. Are the payment and the Form 945-V not stapled together?			
21. If the balance due shown on line 5 is greater than or equal to \$2,500, has the employer deposited all amounts due by electronic funds transfer?			

COMMENTS:

Notes:

- a If the business is reporting withholding on pension distributions, it should be consistent in using the same name and EIN for all reporting and depositing of a liability (on Forms 945, 1099 R, and 8109).
- b All income tax withholding reported on Forms 1099 or W-2G must be reported on Forms 945. This includes, but is not limited to pensions, annuities, IRAs, military retirement, Indian gaming profits, divorce-related transfers to a nonemployee spouse, voluntary withholding on certain government payments (state unemployment, Railroad Unemployment Insurance Act payments, social security and tier 1 railroad retirement benefits, certain crop disaster payments, and Commodity Credit Corporation loans), and gambling winnings. Withholding on wages paid, tips reported, taxable fringe benefits provided, and other compensation paid to employees should not be included; withholdings from such activities should be reported on Forms W-2 and 941, 944, 943, or Schedule H.
- c RICs and REITs must report backup withholding on Form 945 based on the date dividends are paid.
- d Line 7 is a summary of monthly liabilities, not monthly deposits.
- e Line 5 should be zero if the total taxes per line 3 is \$2,500 or more and all taxes were deposited when due.
- f Do not combine deposits for Form 941 and Form 945 tax liabilities.