

Problem 18

Bob Barker opened Priced Right Inc. At the end of the first quarter, Barker, as President of the company, must file Form 941, Employer's Quarterly Federal Tax Return. Using Form 941, parts 1-5, prepare, sign, and date the return on the basis of the information shown below:

Priced Right Inc.
 1995 Is The Price Lane
 Hollywood, CA 91612

Employer's ID Number: 61-1235784
 Phone Number: 555-555-4444

Each employee is paid semimonthly on the 15th and last day of the month. Shown below is the payroll for the first quarter. All pay periods were the same.

| PAYROLL DATA FOR JANUARY- MARCH | | | | | | |
|---------------------------------|--------------------|-------------------|-----------------|--------------------|-------------------|--------------------|
| Employee | Quarterly Wage | OASDI Tax | HI Tax | Federal Income Tax | Total Deductions | Net Pay |
| Clyde Drexler | \$3480.00 | \$215.76 | \$50.46 | \$264.00 | \$530.22 | \$2,949.78 |
| Charles Barkley | 3510.00 | 217.62 | 50.88 | 528.00 | 796.50 | 2,713.50 |
| Wilt Chamberlain | 7740.00 | 479.88 | 112.26 | 1,212.00 | 1,804.14 | 5,935.86 |
| Oscar Robertson | 3900.00 | 241.80 | 56.58 | 552.00 | 850.38 | 3,049.62 |
| | <u>\$18,630.00</u> | <u>\$1,155.06</u> | <u>\$270.18</u> | <u>\$2,556.00</u> | <u>\$3,921.24</u> | <u>\$14,648.76</u> |

| | | |
|---|--------------|-----------|
| Employer's FICA taxes for the quarter: | <u>OASDI</u> | <u>HI</u> |
| | \$1,155.06 | \$270.12 |

The total taxes per payday are:

| | |
|-----------------------------------|-----------------|
| Employees' FICA Tax- OASDI | \$192.51 |
| Employer's FICA Tax- OASDI | 192.51 |
| Employees' FICA Tax- HI | 45.03 |
| Employer's FICA Tax- HI | 45.02 |
| Employees' FIT Tax | 426.00 |
| Total: | <u>\$901.07</u> |

None of the employees reported tips during the quarter. The company does not use a third-party designee. Advance earned income credit (EIC): 0. No overpayment was applied from a prior quarter.