

941 REPORTS, COVID PAY, FAMILY LEAVE AND CREDITS 01/06/21

When you have an employer that has employees with covid sick pay or family leave you will need to set up a new payroll item (setup, payroll, payroll item) to record the pay and then add the payroll item to each employee or selected employees. If you recorded this pay previously as gross pay you can 'move' the pay to the new payroll item by entering an after the fact check with an appropriate date with a minus amount in the gross pay and positive amount in the new payroll item. Make sure you zero out any deductions so the pay is not affected.

Once you have your new payroll items you will need to add them to the payroll setup. Go to setup, payroll, payroll setup. There are boxes at the bottom of the screen for your new payroll item(s). If the pay is properly recorded and the payroll items are on the setup screen the proper amounts will be printed on the 941 in box 5.

The credit(s) that go in box 11 a,b or c are manual calculations. The credit amount is based on information that is obtained by filling out the WORKSHEET 1 on page 20 of the 941 instructions that can be found at <https://www.irs.gov/pub/irs-pdf/i941.pdf> . If any manual entry is made in this section on line 11, the liability totals will need to be adjusted by subtracting the credit amount. You will find the liability totals at the bottom of the P2 tab of the 941 program OR the Schedule B (which ever is appropriate for the client). If you do not make this adjustment, you will find that the box 7 fractions amount will be increased by the amount of the credit. The fractions box is the 'balance' between the totals at the top of the form and the liabilities at the bottom of the form.