

**Note: The form, instructions, or publication you are looking for begins on the next page of this PDF. Before viewing it, however, please see the important update information below.**



## **Employee Retention Credit for Employers Subject to Closure Due to COVID-19 Crisis**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act supports certain employers that operate a business during 2020 and retain employees, despite experiencing economic hardship related to the COVID-19 crisis, with an employee retention credit. The refundable tax credit is equal to 50% of qualified wages paid to employees after March 12, 2020, and before January 1, 2021. If you paid any qualified wages between March 13, 2020, and March 31, 2020, inclusive, you will include 50% of those wages together with 50% of any qualified wages paid during the **second** quarter of 2020 on your second quarter Form 941, 941-SS, or 941-PR to claim the employee retention credit. Do **not** include the credit on your first quarter Form 941, 941-SS, or 941-PR.

**This update supplements this form, instructions, or publication. Filers should rely on this update for the change described.**



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# Instructions for Form 941

(Rev. January 2020)

## Employer's QUARTERLY Federal Tax Return

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 941 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form941](https://www.irs.gov/Form941).

### What's New

**2020 withholding tables.** The federal income tax withholding tables are now included in Pub. 15-T, Federal Income Tax Withholding Methods.

**Social security and Medicare tax for 2020.** The social security tax rate is 6.2% each for the employee and employer, unchanged from 2019. The social security wage base limit is \$137,700.

The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2019. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers you pay \$2,200 or more in cash wages in 2020. Social security and Medicare taxes apply to election workers who are paid \$1,900 or more in cash or an equivalent form of compensation in 2020.

### Reminders

**Qualified small business payroll tax credit for increasing research activities.** For tax years beginning after 2015, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit against the employer share of social security tax. The payroll tax credit must be elected on an original income tax return that is timely filed (including extensions). The portion of the credit used against the employer share of social security tax is allowed in the first calendar quarter beginning after the date that the qualified small business filed its income tax return. The election and determination of the credit amount that will be used against the employer share of social security tax are made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765, line 44, must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities. Form 8974 is used to determine the amount of the credit that can be used in the current quarter. The amount from Form 8974, line 12, is reported on Form 941, line 11. If you're claiming the research payroll tax credit on your Form 941, you must attach Form 8974 to that Form 941. For more information about the payroll tax credit, see Notice 2017-23, 2017-16 I.R.B. 1100, available at [IRS.gov/irb/2017-16\\_IRB#NOT-2017-23](https://www.irs.gov/irb/2017-16_IRB#NOT-2017-23) and [IRS.gov/ResearchPayrollTC](https://www.irs.gov/ResearchPayrollTC). Also see [Adjusting tax liability for the qualified small business payroll tax credit for increasing research activities reported on line 11](#), later.

**Certification program for professional employer organizations (PEOs).** The Stephen Beck, Jr., ABLE Act of 2014 required the IRS to establish a voluntary certification program

for PEOs. PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, certified professional employer organizations (CPEOs) must meet various requirements described in sections 3511 and 7705 and related published guidance. Certification as a CPEO may affect the employment tax liabilities of both the CPEO and its customers. A CPEO is generally treated for employment tax purposes as the employer of any individual who performs services for a customer of the CPEO and is covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. To become a CPEO, the organization must apply through the IRS Online Registration System. For more information or to apply to become a CPEO, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO).

CPEOs generally must file Form 941 and Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, electronically. For more information about a CPEO's requirement to file electronically, see Rev. Proc. 2017-14, 2017-3 I.R.B. 426, available at [IRS.gov/irb/2017-03\\_IRB#RP-2017-14](https://www.irs.gov/irb/2017-03_IRB#RP-2017-14).

**Outsourcing payroll duties.** Generally, as an employer, you're responsible to ensure that tax returns are filed and deposits and payments are made, even if you contract with a third party to perform these acts. You remain responsible if the third party fails to perform any required action. Before you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer, such as a payroll service provider or reporting agent, go to [IRS.gov/OutsourcingPayrollDuties](https://www.irs.gov/OutsourcingPayrollDuties) for helpful information on this topic. If a CPEO pays wages and other compensation to an individual performing services for you, and the services are covered by a contract described in section 7705(e)(2) between you and the CPEO (CPEO contract), then the CPEO is generally treated for employment tax purposes as the employer, but only for wages and other compensation paid to the individual by the CPEO. However, with respect to certain employees covered by a CPEO contract, you may also be treated as an employer of the employees and, consequently, may also be liable for federal employment taxes imposed on wages and other compensation paid by the CPEO to such employees. For more information on the different types of third-party payer arrangements, see section 16 in Pub. 15.

**Aggregate Form 941 filers.** Agents and CPEOs must complete Schedule R (Form 941) when filing an aggregate Form 941. Aggregate Forms 941 are filed by agents approved by the IRS under section 3504. To request approval to act as an agent for an employer, the agent files Form 2678 with the IRS unless you're a state or local government agency acting as an agent under the special procedures provided in Rev. Proc. 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52\\_IRB#RP-2013-39](https://www.irs.gov/irb/2013-52_IRB#RP-2013-39). Aggregate Forms 941 are also filed by CPEOs approved by

the IRS under section 7705. To become a CPEO, the organization must apply through the IRS Online Registration System at [IRS.gov/CPEO](https://www.irs.gov/CPEO). CPEOs file Form 8973, Certified Professional Employer Organization/Customer Reporting Agreement, to notify the IRS that they started or ended a service contract with a customer. CPEOs generally must file Form 941 and Schedule R electronically. For more information about a CPEO's requirement to file electronically, see Rev. Proc. 2017-14, 2017-3 I.R.B. 426, available at [IRS.gov/irb/2017-03\\_IRB#RP-2017-14](https://www.irs.gov/irb/2017-03_IRB#RP-2017-14).

**TIP** *If both an employer and a section 3504 authorized agent paid wages to an employee during a quarter, or if both an employer and a CPEO paid wages to an employee during a quarter, both the employer and the section 3504 authorized agent (or the CPEO, if applicable) should file Form 941 reporting the wages each entity paid to the employee during the applicable quarter and issue Forms W-2 reporting the wages each entity paid to the employee during the year.*

**Work opportunity tax credit for qualified tax-exempt organizations hiring qualified veterans.** Qualified tax-exempt organizations that hire eligible unemployed veterans may be able to claim the work opportunity tax credit against their payroll tax liability using Form 5884-C. For more information, go to [IRS.gov/WOTC](https://www.irs.gov/WOTC).

**COBRA premium assistance credit.** Effective for tax periods beginning after 2013, the credit for COBRA premium assistance payments can't be claimed on Form 941. Instead, after filing your Form 941, file Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund, to claim the COBRA premium assistance credit. Filing a Form 941-X before filing a Form 941 for the quarter may result in errors or delays in processing your Form 941-X. For more information, see the Instructions for Form 941-X.

**TIP** *If you're entitled to claim the COBRA premium assistance credit, but aren't otherwise required to file Form 941, file a Form 941 with -0- entered on line 14 before filing a Form 941-X to claim the credit.*

**Correcting a previously filed Form 941.** If you discover an error on a previously filed Form 941, make the correction using Form 941-X. Form 941-X is filed separately from Form 941. For more information, see the Instructions for Form 941-X, section 13 of Pub. 15, or go to [IRS.gov/CorrectingEmploymentTaxes](https://www.irs.gov/CorrectingEmploymentTaxes).

**Federal tax deposits must be made by electronic funds transfer (EFT).** You must use EFT to make all federal tax deposits. Generally, an EFT is made using the Electronic Federal Tax Payment System (EFTPS). If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. Also, you may arrange for your financial institution to initiate a same-day wire payment on your behalf. EFTPS is a free service provided by the Department of the Treasury. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

For more information on making federal tax deposits, see section 11 of Pub. 15. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://www.irs.gov/EFTPS), or call 800-555-4477 or 800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966.



*For an EFTPS deposit to be on time, you must submit the deposit by 8 p.m. Eastern time the day before the date the deposit is due.*

**Same-day wire payment option.** If you fail to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Collection Service (FTCS) to make a same-day wire payment. To use the same-day wire payment method, you will need to make arrangements with your financial institution ahead of time. Please check with your financial institution regarding availability, deadlines, and costs. Your financial institution may charge you a fee for payments made this way. To learn more about the information you will need to give your financial institution to make a same-day wire payment, go to [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire).

**Timeliness of federal tax deposits.** If a deposit is required to be made on a day that isn't a business day, the deposit is considered timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or legal holiday. The term "legal holiday" for deposit purposes includes only those legal holidays in the District of Columbia. Legal holidays in the District of Columbia are provided in section 11 of Pub. 15.

**Electronic filing and payment.** Businesses can enjoy the benefits of filing tax returns and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you convenient programs to make filing and paying easier. Spend less time worrying about taxes and more time running your business. Use e-file and EFTPS to your benefit.

- For e-file, go to [IRS.gov/EmploymentEfile](https://www.irs.gov/EmploymentEfile) for additional information. A fee may be charged to file electronically.
- For EFTPS, go to [EFTPS.gov](https://www.irs.gov/EFTPS), or call EFTPS Customer Service at 800-555-4477 or 800-733-4829 (TDD) for additional information.
- For electronic filing of Forms W-2, Wage and Tax Statement, go to [SSA.gov/employer](https://www.ssa.gov/employer). You may be required to file Forms W-2 electronically. For details, see the General Instructions for Forms W-2 and W-3.



*If you're filing your tax return or paying your federal taxes electronically, a valid employer identification number (EIN) is required at the time the return is filed or the payment is made. If a valid EIN isn't provided, the return or payment won't be processed. This may result in penalties. See [Employer identification number \(EIN\)](https://www.irs.gov/employer-identification-number-ein), later, for information about applying for an EIN.*

**Electronic funds withdrawal (EFW).** If you file Form 941 electronically, you can e-file and use EFW to pay the balance due in a single step using tax preparation software or through a tax professional. However, don't use EFW to make federal tax deposits. For more information on paying your taxes using EFW, go to [IRS.gov/EFW](https://www.irs.gov/EFW).

**Credit or debit card payments.** You can pay the balance due shown on Form 941 by credit or debit card. Your payment will be processed by a payment processor who will charge a processing fee. Don't use a credit or debit card to make federal tax deposits. For more information on paying your taxes with a credit or debit card, go to [IRS.gov/PayByCard](https://www.irs.gov/PayByCard).

**Online payment agreement.** You may be eligible to apply for an installment agreement online if you can't pay the full



amount of tax you owe when you file your return. For more information, see [What if you can't pay in full](#), later.

**Paid preparers.** If you use a paid preparer to complete Form 941, the paid preparer must complete and sign the paid preparer's section of the form.

**Where can you get telephone help?** For answers to your questions about completing Form 941 or tax deposit rules, you can call the IRS at 800-829-4933 or 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability), Monday–Friday from 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific time).

**Photographs of missing children.** The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

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## General Instructions:

### Purpose of Form 941

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These instructions give you some background information about Form 941. They tell you who must file Form 941, how to complete it line by line, and when and where to file it.

If you want more in-depth information about payroll tax topics relating to Form 941, see Pub. 15 or go to [IRS.gov/EmploymentTaxes](#).

Federal law requires you, as an employer, to withhold certain taxes from your employees' pay. Each time you pay wages, you must withhold—or take out of your employees' pay—certain amounts for federal income tax, social security tax, and Medicare tax. You must also withhold Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. Under the withholding system, taxes withheld from your employees are credited to your employees in payment of their tax liabilities.

Federal law also requires you to pay any liability for the employer share of social security and Medicare taxes. This share of social security and Medicare taxes isn't withheld from employees.

### Who Must File Form 941?

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If you pay wages subject to federal income tax withholding or social security and Medicare taxes, you must file Form 941 quarterly to report the following amounts.

- Wages you've paid.
- Tips your employees reported to you.
- Federal income tax you withheld.
- Both the employer and the employee share of social security and Medicare taxes.
- Additional Medicare Tax withheld from employees.
- Current quarter's adjustments to social security and Medicare taxes for fractions of cents, sick pay, tips, and group-term life insurance.
- Qualified small business payroll tax credit for increasing research activities.

Don't use Form 941 to report backup withholding or income tax withholding on nonpayroll payments such as pensions, annuities, and gambling winnings. Report these types of withholding on Form 945, Annual Return of Withheld


Federal Income Tax. Also, don't use Form 941 to report unemployment taxes. Report unemployment taxes on Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.

After you file your first Form 941, you must file a return for each quarter, even if you have no taxes to report, unless you filed a final return or one of the exceptions listed next applies.

### Exceptions

Special rules apply to some employers.

- If you received notification to file **Form 944**, you must file Form 944 annually; don't file Form 941 quarterly.
- **Seasonal employers** don't have to file a Form 941 for quarters in which they have no tax liability because they have paid no wages. To tell the IRS that you won't file a return for one or more quarters during the year, check the box on line 18 every quarter you file Form 941. See section 12 of Pub. 15 for more information.
- Employers of **household employees** don't usually file Form 941. See Pub. 926 and Schedule H (Form 1040 or 1040-SR) for more information.
- Employers of **farm employees** don't file Form 941 for wages paid for agricultural labor. See Form 943 and Pub. 51 for more information.

 *If none of the above exceptions applies and you haven't filed a final return, you must file Form 941 each quarter even if you didn't pay wages during the quarter. Use IRS e-file, if possible.*

### Requesting To File Forms 941 Instead of Form 944, or Requesting To File Form 944 Instead of Forms 941

#### Requesting to file Forms 941 instead of Form 944.

Employers that would otherwise be required to file Form 944, Employer's ANNUAL Federal Tax Return, may contact the IRS to request to file quarterly Forms 941 instead of annual Form 944. To request to file quarterly Forms 941 to report your social security and Medicare taxes for the 2020 calendar year, you must either call the IRS at 800-829-4933 between January 1, 2020, and April 1, 2020, or send a written request postmarked between January 1, 2020, and March 16, 2020. After you contact the IRS, the IRS will send you a written notice that your filing requirement has been changed to Forms 941. You must receive written notice from the IRS to file Forms 941 instead of Form 944 before you may file these forms. If you don't receive this notice, you must file Form 944 for calendar year 2020.

**Requesting to file Form 944 instead of Forms 941.** If you're required to file Forms 941 but believe your employment taxes for calendar year 2020 will be \$1,000 or less, you may request to file Form 944 instead of Forms 941 by calling the IRS at 800-829-4933 between January 1, 2020, and April 1, 2020, or sending a written request postmarked between January 1, 2020, and March 16, 2020. After you contact the IRS, the IRS will send you a written notice that your filing requirement has been changed to Form 944. You must receive written notice from the IRS to file Form 944 instead of Forms 941 before you may file this form. If you don't receive this notice, you must file Forms 941 for calendar year 2020.

**Where to send written requests.** Written requests should be sent to:

If you would mail your return filed without a payment to Ogden, as shown under [Where Should You File](#), later, send your request to the Ogden address shown above. If you would mail your return filed without a payment to Kansas City, send your request to the address for Cincinnati shown above. For more information about these procedures, see Rev. Proc. 2009-51, 2009-45 I.R.B. 625, available at [IRS.gov/irb/2009-45\\_IRB#RP-2009-51](#).

## What if You Reorganize or Close Your Business?

### If You Sell or Transfer Your Business . . .

If you sell or transfer your business during the quarter, you and the new owner must each file a Form 941 for the quarter in which the transfer occurred. Report only the wages you paid.

When two businesses merge, the continuing firm must file a return for the quarter in which the change took place and the other firm should file a final return.

Changing from one form of business to another—such as from a sole proprietorship to a partnership or corporation—is considered a transfer. If a transfer occurs, you may need a new EIN. See Pub. 1635 and section 1 of Pub. 15 for more information.

Attach a statement to your return with:

- The new owner's name (or the new name of the business);
- Whether the business is now a sole proprietorship, partnership, or corporation;
- The kind of change that occurred (a sale or transfer);
- The date of the change; and
- The name of the person keeping the payroll records and the address where those records will be kept.

### If Your Business Has Closed . . .

If you go out of business or stop paying wages to your employees, you must file a final return. To tell the IRS that Form 941 for a particular quarter is your final return, check the box on line 17 and enter the final date you paid wages. Also attach a statement to your return showing the name of the person keeping the payroll records and the address where those records will be kept.

See *Terminating a business* in the General Instructions for Forms W-2 and W-3 for information about earlier dates for the expedited furnishing and filing of Forms W-2, Wage and Tax Statement, when a final Form 941 is filed.

If you participated in a statutory merger or consolidation, or qualify for predecessor-successor status due to an acquisition, you should generally file Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations. See the Instructions for Schedule D (Form 941) to determine whether you should file Schedule D (Form 941) and when you should file it.

## When Must You File?

File your initial Form 941 for the quarter in which you first paid wages that are subject to social security and Medicare taxes or subject to federal income tax withholding. See the table titled [When To File Form 941](#), later.

Then you must file for every quarter after that—every 3 months—even if you have no taxes to report, unless you're a seasonal employer or are filing your final return. See [Seasonal employers](#) and [If Your Business Has Closed](#), earlier.

File Form 941 only once for each quarter. If you filed electronically, don't file a paper Form 941. For more information about filing Form 941 electronically, see [Electronic filing and payment](#), earlier.

### When To File Form 941

Your Form 941 is due by the last day of the month that follows the end of the quarter.		
The Quarter Includes . . .	Quarter Ends	Form 941 Is Due
1. January, February, March	March 31	April 30
2. April, May, June	June 30	July 31
3. July, August, September	September 30	October 31
4. October, November, December	December 31	January 31

For example, you generally must report wages you pay during the first quarter—which is January through March—by April 30. If you made timely deposits in full payment of your taxes for the quarter, you may file by the 10th day of the second month that follows the end of the quarter. For example, you may file Form 941 by May 10 if you made timely deposits in full payment of your taxes for the first quarter.

If we receive Form 941 after the due date, we will treat Form 941 as filed on time if the envelope containing Form 941 is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated private delivery service (PDS) on or before the due date. If you don't follow these guidelines, we generally will consider Form 941 filed when it is actually received. For more information about PDSs, see [Where Should You File](#), later.

If any due date for filing falls on a Saturday, Sunday, or legal holiday, you may file your return on the next business day.

## How Should You Complete Form 941?

Type or print your EIN, name, and address in the spaces provided. Also enter your name and EIN on the top of page 2. Don't use your social security number (SSN) or individual taxpayer identification number (ITIN). Generally, enter the business (legal) name you used when you applied for your EIN. For example, if you're a sole proprietor, enter "Haleigh Smith" on the "Name" line and "Haleigh's Cycles" on the "Trade name" line. Leave the "Trade name" line blank if it is the same as your "Name."

If you use a tax preparer to fill out Form 941, make sure the preparer shows your business name exactly as it appeared when you applied for your EIN.

**Employer identification number (EIN).** To make sure businesses comply with federal tax laws, the IRS monitors

tax filings and payments by using a numerical system to identify taxpayers. A unique nine-digit EIN is assigned to all corporations, partnerships, and some sole proprietors. Businesses needing an EIN must apply for a number and use it throughout the life of the business on all tax returns, payments, and reports.

Your business should have only one EIN. If you have more than one and aren't sure which one to use, write to the IRS office where you file your returns (using the *Without a payment* address under [Where Should You File](#), later) or call the IRS at 800-829-4933.

If you don't have an EIN, you may apply for one online by visiting [IRS.gov/EIN](#). You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If the principal business was created or organized outside of the United States or U.S. territories, you may also apply for an EIN by calling 267-941-1099 (toll call). If you haven't received your EIN by the due date of Form 941, file a paper return and write "Applied For" and the date you applied in this entry space.



*If you're filing your tax return electronically, a valid EIN is required at the time the return is filed. If a valid EIN isn't provided, the return won't be accepted. This may result in penalties.*



*Always be sure the EIN on the form you file exactly matches the EIN the IRS assigned to your business. Don't use your SSN or ITIN on forms that ask for an EIN. Filing a Form 941 with an incorrect EIN or using another business's EIN may result in penalties and delays in processing your return.*

**If you change your business name, business address, or responsible party...** Notify the IRS immediately if you change your business name, business address, or responsible party.

- Write to the IRS office where you file your returns (using the *Without a payment* address under [Where Should You File](#), later) to notify the IRS of any business name change. See Pub. 1635 to see if you need to apply for a new EIN.
- Complete and mail Form 8822-B to notify the IRS of a business address or responsible party change. Don't mail Form 8822-B with your Form 941. For a definition of "responsible party," see the Instructions for Form SS-4.

### Check the Box for the Quarter

Under "Report for this Quarter of 2020" at the top of Form 941, check the appropriate box of the quarter for which you're filing. Make sure the quarter checked is the same as shown on any attached Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, or Schedule R (Form 941).

### Completing and Filing Form 941

Make entries on Form 941 as follows to enable accurate scanning and processing.

- Use 10-point Courier font (if possible) for all entries if you're typing or using a computer to complete your form. Portable Document Format (PDF) forms on IRS.gov have fillable fields with acceptable font specifications.
- Don't enter dollar signs and decimal points. Commas are optional. Enter dollars to the left of the preprinted decimal

point and cents to the right of it. Don't round entries to whole dollars. Always show an amount for cents, even if it is zero.

- Leave blank any data field (except lines 1, 2, and 12) with a value of zero.
- Enter negative amounts using a minus sign (if possible). Otherwise, use parentheses.
- Enter your name and EIN on all pages.
- Enter your name, EIN, "Form 941," and the tax year and quarter on all attachments.
- Staple multiple sheets in the upper left corner when filing.

### Required Notice to Employees About the Earned Income Credit (EIC)

To notify employees about the EIC, you must give the employees one of the following items.

- Form W-2 which has the required information about the EIC on the back of Copy B.
- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of the IRS Form W-2.
- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).
- Your written statement with the same wording as Notice 797.

For more information, see section 10 of Pub. 15, Pub. 596, and [IRS.gov/EIC](#).

### Reconciling Forms 941 and Form W-3

The IRS matches amounts reported on your four quarterly Forms 941 with Form W-2 amounts totaled on your yearly Form W-3, Transmittal of Wage and Tax Statements. If the amounts don't agree, you may be contacted by the IRS or the Social Security Administration (SSA). The following amounts are reconciled.

- Federal income tax withholding.
- Social security wages.
- Social security tips.
- Medicare wages and tips.

For more information, see section 12 of Pub. 15 and the Instructions for Schedule D (Form 941).

### Where Should You File?

You're encouraged to file Form 941 electronically. Go to [IRS.gov/EmploymentEfile](#) for more information on electronic filing. If you file a paper return, where you file depends on whether you include a payment with Form 941. Mail your return to the address listed for your location in the table that follows.

PDSs can't deliver to P.O. boxes. You must use the U.S. Postal Service to mail an item to a P.O. box address. Go to [IRS.gov/PDS](#) for the current list of PDSs. For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDSstreetAddresses](#). Select the mailing address listed on the webpage that is in the same state as the address to which you would mail returns filed without a payment, as shown next.



## Mailing Addresses for Form 941

If you're in . . .	Without a payment . . .	With a payment . . .
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0005	Internal Revenue Service P.O. Box 806532 Cincinnati, OH 45280-6532
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100
No legal residence or principal place of business in any state	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100
<b>Special filing address</b> for exempt organizations; federal, state, and local governmental entities; and Indian tribal governmental entities, regardless of location	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100



Your filing address may have changed from that used to file your employment tax return in prior years. **Don't send Form 941 or any payments to the SSA.**

## Depositing Your Taxes



You must deposit all depository taxes electronically by EFT. For more information, see [Federal tax deposits must be made by electronic funds transfer \(EFT\)](#) under Reminders, earlier.

### Must You Deposit Your Taxes?

You may have to deposit the federal income taxes you withheld and both the employer and employee social security taxes and Medicare taxes.

- **If your total taxes after adjustments and credits (line 12) are less than \$2,500 for the current quarter or the prior quarter, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter.** You don't have to make a deposit. To avoid a penalty, you must pay the amount in full with a timely filed return or you must deposit the amount timely. For more information on paying with a timely filed return, see the instructions for [line 14](#), later. If you're not sure your total tax liability for the current quarter will be less than \$2,500 (and your liability for the prior quarter wasn't less than \$2,500), make deposits using the semiweekly or monthly rules so you won't be subject to failure-to-deposit (FTD) penalties.

- **If your total taxes after adjustments and credits (line 12) are \$2,500 or more for the current quarter and the prior quarter.** You must make deposits according to your deposit schedule. See section 11 of Pub. 15 for information about payments made under the accuracy of deposits rule and for rules about federal tax deposits.

You may reduce your deposits during the quarter by the amount of the COBRA premium assistance credit that will be reflected on your Form 941-X, but only if you use the claim process and not the adjustment process to claim the COBRA premium assistance credit on your Form 941-X for the quarter.

The COBRA premium assistance credit is treated as a credit on the first day of the return period (that is, January 1, April 1, July 1, or October 1). However, because the credit is now claimed on Form 941-X filed after submission of the Form 941, an employer that reduces its required deposits in

anticipation of the credit will receive a system-generated notice reflecting a balance due and associated penalties and interest, if applicable. The balance due, including any related penalties and interest, resulting from the reduction in deposits in anticipation of the credit will be abated when the credit is applied. Such abatement will generally occur without any further action from the employer.

Alternatively, to prevent triggering a system-generated balance due notice, the employer can make its deposits without a reduction in anticipation of the COBRA premium assistance credit and follow the ordinary procedures for filing a claim for refund or adjusted return using Form 941-X.

### When Must You Deposit Your Taxes?

#### Determine if You're a Monthly or Semiweekly Schedule Depositor for the Quarter

The IRS uses two different sets of deposit rules to determine when businesses must deposit their social security, Medicare, and withheld federal income taxes. These schedules tell you when a deposit is due after you have a payday.

Your deposit schedule isn't determined by how often you pay your employees. Your deposit schedule depends on the total tax liability you reported on Form 941 during the previous 4-quarter lookback period (July 1 of the second preceding calendar year through June 30 of the preceding calendar year). See section 11 of Pub. 15 for details. If you filed Form 941 in either 2018 or 2019, your lookback period is the 2018 calendar year.

Before the beginning of each calendar year, determine which type of deposit schedule you must use.

- If you reported \$50,000 or less in taxes during the lookback period, you're a **monthly schedule depositor**.
- If you reported more than \$50,000 of taxes during the lookback period, you're a **semiweekly schedule depositor**.



*If you're a monthly schedule depositor and accumulate a \$100,000 tax liability on any day during the deposit period, you become a semiweekly schedule depositor on the next day and remain so for at least the rest of the calendar year and for the following calendar year. See \$100,000 Next-Day Deposit Rule in section 11 of Pub. 15 for more information.*



## What About Penalties and Interest?

### Avoiding Penalties and Interest

You can avoid paying penalties and interest if you do all of the following.

- Deposit or pay your taxes when they are due.
- File your fully completed Form 941 on time.
- Report your tax liability accurately.
- Submit valid checks for tax payments.
- Furnish accurate Forms W-2 to employees.
- File Form W-3 and Copy A of Forms W-2 with the SSA on time and accurately.

Penalties and interest are charged on taxes paid late and returns filed late at a rate set by law. See sections 11 and 12 of Pub. 15 for details.

Use Form 843 to request abatement of assessed penalties or interest. Don't request abatement of assessed penalties or interest on Form 941 or Form 941-X.

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't attach an explanation when you file your return.



*If federal income, social security, and Medicare taxes that must be withheld (that is, trust fund taxes) aren't withheld or aren't deposited or paid to the United States Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid trust fund tax. If these unpaid taxes can't be immediately collected from the employer or business, the trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, or paying over these taxes, and who acted willfully in not doing so. For more information, see section 11 of Pub. 15.*

### Adjustment of Tax on Tips

If, by the 10th of the month after the month you received an employee's report on tips, you don't have enough employee funds available to withhold the employee share of social security and Medicare taxes, you no longer have to collect it. Report the entire amount of these tips on line 5b (Taxable social security tips), line 5c (Taxable Medicare wages and tips), and, if the withholding threshold is met, line 5d (Taxable wages and tips subject to Additional Medicare Tax withholding). Include as a negative adjustment on line 9 the total uncollected employee share of the social security and Medicare taxes.

## Specific Instructions:

### Part 1: Answer These Questions for This Quarter

#### 1. Number of Employees Who Received Wages, Tips, or Other Compensation

Enter the number of employees on your payroll for the pay period including March 12, June 12, September 12, or December 12, for the quarter indicated at the top of Form 941. Don't include:

- Household employees,
- Employees in nonpay status for the pay period,
- Farm employees,

- Pensioners, or
- Active members of the Armed Forces.

#### 2. Wages, Tips, and Other Compensation

Enter amounts on line 2 that would also be included in box 1 of your employees' Forms W-2. See *Box 1—Wages, tips, other compensation* in the General Instructions for Forms W-2 and W-3 for details. Include sick pay paid by a third party if you were given timely notice of the payments and the third party transferred liability for the employer's taxes to you.

If you're a third-party payer of sick pay, don't include sick pay that you paid to policyholders' employees here if you gave the policyholders timely notice of the payments. See section 6 of Pub. 15-A, *Employer's Supplemental Tax Guide*, for more information about sick pay reporting and the procedures for transferring the liability to the employer.

#### 3. Federal Income Tax Withheld From Wages, Tips, and Other Compensation

Enter the federal income tax you withheld (or were required to withhold) from your employees on this quarter's wages, tips, taxable fringe benefits, and supplemental unemployment compensation benefits. Don't include any income tax withheld by a third-party payer of sick pay even if you reported it on Forms W-2. You will reconcile this difference on Form W-3. Also include here any excise taxes you were required to withhold on golden parachute payments (section 4999). For information on the employment tax treatment of fringe benefits, see Pub. 15-B, *Employer's Tax Guide to Fringe Benefits*. For information about supplemental unemployment compensation benefits and golden parachute payments, see section 5 of Pub. 15-A.

If you're a third-party payer of sick pay, enter the federal income tax you withheld (or were required to withhold) on third-party sick pay here.

#### 4. If No Wages, Tips, and Other Compensation Are Subject to Social Security or Medicare Tax . . .

If no wages, tips, and other compensation on line 2 are subject to social security or Medicare tax, check the box on line 4. If this question doesn't apply to you, leave the box blank. For more information about exempt wages, see section 15 of Pub. 15. For religious exemptions, see section 4 of Pub. 15-A.



*If you're a government employer, wages you pay aren't automatically exempt from social security and Medicare taxes. Your employees may be covered by law or by a voluntary Section 218 Agreement with the SSA. For more information, see Pub. 963, *Federal-State Reference Guide*.*

#### 5a–5e. Taxable Social Security and Medicare Wages and Tips

**5a. Taxable social security wages.** Enter the total wages, sick pay, and taxable fringe benefits subject to social security taxes you paid to your employees during the quarter. For this purpose, sick pay includes payments made by an insurance company to your employees for which you received timely notice from the insurance company. See section 6 in Pub. 15-A for more information about sick pay reporting.

Enter the amount before payroll deductions. Don't include tips on this line. For information on types of wages subject to social security taxes, see section 5 of Pub. 15.

$$\begin{array}{r} \text{line 5c (column 1)} \\ \times \quad 0.029 \\ \hline \text{line 5c (column 2)} \end{array}$$

For 2020, the rate of social security tax on taxable wages is 6.2% (0.062) each for the employer and employee or 12.4% (0.124) for both. Stop paying social security tax on and entering an employee's wages on line 5a when the employee's taxable wages (including tips) reach \$137,700 for the year. However, continue to withhold income and Medicare taxes for the whole year on wages and tips even when the social security wage base of \$137,700 has been reached.

$$\begin{array}{r} \text{line 5a (column 1)} \\ \times \quad 0.124 \\ \hline \text{line 5a (column 2)} \end{array}$$

**5b. Taxable social security tips.** Enter all tips your employees reported to you during the quarter until the total of the tips and wages for an employee reach \$137,700 for the year. Include all tips your employee reported to you even if you were unable to withhold the employee tax of 6.2%. You will reduce your total taxes by the amount of any uncollected employee share of social security and Medicare taxes on tips later on line 9; see [Current quarter's adjustments for tips and group-term life insurance](#), later. Don't include service charges on line 5b. For details about the difference between tips and service charges, see Rev. Rul. 2012-18, 2012-26 I.R.B. 1032, available at [IRS.gov/irb/2012-26\\_IRB#RR-2012-18](#).

Your employee must report cash tips to you by the 10th day of the month after the month the tips are received. Cash tips include tips paid by cash, check, debit card, and credit card. The report should include charged tips (for example, credit and debit card charges) you paid over to the employee for charge customers, tips the employee received directly from customers, and tips received from other employees under any tip-sharing arrangement. Both directly and indirectly tipped employees must report tips to you. No report is required for months when tips are less than \$20. Employees may use Form 4070 (available only in Pub. 1244), or submit a written statement or electronic tip record.

Don't include allocated tips (described in section 6 of Pub. 15) on this line. Instead, report them on Form 8027. Allocated tips aren't reportable on Form 941 and aren't subject to withholding of federal income, social security, or Medicare taxes.

$$\begin{array}{r} \text{line 5b (column 1)} \\ \times \quad 0.124 \\ \hline \text{line 5b (column 2)} \end{array}$$

**5c. Taxable Medicare wages & tips.** Enter all wages, tips, sick pay, and taxable fringe benefits that are subject to Medicare tax. Unlike social security wages, there is no limit on the amount of wages subject to Medicare tax.

The rate of Medicare tax is 1.45% (0.0145) each for the employer and employee or 2.9% (0.029) for both. Include all tips your employees reported during the quarter, even if you were unable to withhold the employee tax of 1.45%.

For more information on tips, see section 6 of Pub. 15.

**5d. Taxable wages & tips subject to Additional Medicare Tax withholding.** Enter all wages, tips, sick pay, and taxable fringe benefits that are subject to Additional Medicare Tax withholding. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on what wages are subject to Medicare tax, see the chart, *Special Rules for Various Types of Services and Payments*, in section 15 of Pub. 15. For more information on Additional Medicare Tax, go to [IRS.gov/ADMT](#).

Once wages and tips exceed the \$200,000 withholding threshold, include all tips your employees reported during the quarter, even if you were unable to withhold the employee tax of 0.9%.

$$\begin{array}{r} \text{line 5d (column 1)} \\ \times \quad 0.009 \\ \hline \text{line 5d (column 2)} \end{array}$$

**5e. Total social security and Medicare taxes.** Add the column 2 amounts on lines 5a–5d. Enter the result on line 5e.

### 5f. Section 3121(q) Notice and Demand—Tax Due on Unreported Tips

Enter the tax due from your Section 3121(q) Notice and Demand on line 5f. The IRS issues a Section 3121(q) Notice and Demand to advise an employer of the amount of tips received by employees who failed to report or underreported tips to the employer. An employer isn't liable for the employer share of the social security and Medicare taxes on unreported tips until notice and demand for the taxes is made to the employer by the IRS in a Section 3121(q) Notice and Demand. The tax due may have been determined from tips reported to the IRS on employees' Forms 4137, Social Security and Medicare Tax on Unreported Tip Income, or other tips that weren't reported to their employer as determined by the IRS during an examination. For additional information, see Rev. Rul. 2012-18, 2012-26 I.R.B. 1032, available at [IRS.gov/irb/2012-26\\_IRB#RR-2012-18](#).

Deposit the tax within the time period required under your deposit schedule to avoid any possible deposit penalty. The tax is treated as accumulated by the employer on the "Date of Notice and Demand" as printed on the Section 3121(q) Notice and Demand. The employer must include this amount on the appropriate line of the record of federal tax liability (Part 2 of Form 941 for a monthly schedule depositor or Schedule B (Form 941) for a semiweekly schedule depositor).

## 6. Total Taxes Before Adjustments

Add the total federal income tax withheld from wages, tips, and other compensation (line 3), the total social security and Medicare taxes before adjustments (line 5e), and any tax due under a Section 3121(q) Notice and Demand (line 5f). Enter the result on line 6.

## 7–9. Tax Adjustments

Enter tax amounts on lines 7–9 that result from current quarter adjustments. Use a minus sign (if possible) to show an adjustment that decreases the total taxes shown on line 6 instead of parentheses. Doing so enhances the accuracy of our scanning software. For example, enter “-10.59” instead of “(10.59).” However, if your software only allows for parentheses in entering negative amounts, you may use them.

**Current quarter's adjustments.** In certain cases, you must adjust the amounts you entered as social security and Medicare taxes in column 2 of lines 5a–5d to figure your correct tax liability for this quarter's Form 941. See section 13 of Pub. 15.

### 7. Current quarter's adjustment for fractions of cents.

Enter adjustments for fractions of cents (due to rounding) relating to the employee share of social security and Medicare taxes withheld. The employee share of amounts shown in column 2 of lines 5a–5d may differ slightly from amounts actually withheld from employees' pay due to the rounding of social security and Medicare taxes based on statutory rates. This adjustment may be a positive or a negative adjustment.

**8. Current quarter's adjustment for sick pay.** Enter a negative adjustment for the employee share of social security and Medicare taxes that were withheld and deposited by your third-party sick pay payer with regard to sick pay paid by the third party. These wages should be included on line 5a, line 5c, and, if the withholding threshold is met, line 5d. If you're the third-party sick pay payer, enter a negative adjustment for any employer share of these taxes required to be paid by the employer.

**9. Current quarter's adjustments for tips and group-term life insurance.** Enter a negative adjustment for:

- Any uncollected employee share of social security and Medicare taxes on tips, and
- The uncollected employee share of social security and Medicare taxes on group-term life insurance premiums paid for former employees.

**Prior quarter's adjustments.** If you need to correct any adjustment reported on a previously filed Form 941, complete and file Form 941-X. Form 941-X is an adjusted return or claim for refund and is filed separately from Form 941. See section 13 of Pub. 15.

## 10. Total Taxes After Adjustments

Combine the amounts shown on lines 6–9 and enter the result on line 10.

## 11. Qualified Small Business Payroll Tax Credit for Increasing Research Activities

Enter the amount of the credit from Form 8974, line 12.



If you enter an amount on line 11, you must attach Form 8974.

## 12. Total Taxes After Adjustments and Credits

Subtract line 11 from line 10 and enter the result on line 12.

- **If line 12 is less than \$2,500 or line 12 on the prior quarterly return was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter.** You may pay the amount with Form 941 or you may deposit the amount. To avoid a penalty, you must pay the amount in full with a timely filed return or you must deposit the amount timely. For more information on paying with a timely filed return, see the instructions for [line 14](#), later.
- **If line 12 is \$2,500 or more and line 12 on the prior quarterly return was \$2,500 or more, or if you incurred a \$100,000 next-day deposit obligation during the current quarter.** You must make deposits according to your deposit schedule. The amount shown on line 12 must equal the “Total liability for quarter” shown on line 16 or the “Total liability for the quarter” shown on Schedule B (Form 941).

For more information and rules about federal tax deposits, see [Depositing Your Taxes](#), earlier, and section 11 of Pub. 15.



If you're a semiweekly depositor, you must complete Schedule B (Form 941). If you fail to complete and submit Schedule B (Form 941), the IRS may assert deposit penalties based on available information.

## 13. Total Deposits for This Quarter

Enter your deposits for this quarter, including any overpayment from a prior quarter that you applied to this return. Also include in the amount shown any overpayment that you applied from filing Form 941-X, 941-X (PR), 944-X, or 944-X (SP) in the current quarter.

## 14. Balance Due

If line 12 is more than line 13, enter the difference on line 14. Otherwise, see [Overpayment](#), later.

### Never make an entry on both lines 14 and 15.

You don't have to pay if line 14 is under \$1. Generally, you should have a balance due only if your total taxes after adjustments and credits (line 12) for the current quarter or prior quarter are less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter. However, see section 11 of Pub. 15 for information about payments made under the accuracy of deposits rule.

If you were required to make federal tax deposits, pay the amount shown on line 14 by EFT. If you weren't required to make federal tax deposits (see [Must You Deposit Your Taxes](#), earlier) or you're a monthly schedule depositor making a payment under the accuracy of deposits rule, you may pay the amount shown on line 14 by EFT, credit card, debit card, check, money order, or EFW. For more information on electronic payment options, go to [IRS.gov/Payments](#).

If you pay by EFT, credit card, or debit card, file your return using the [Without a payment](#) address under [Where Should You File](#), earlier, and don't file Form 941-V, Payment Voucher.

If you pay by check or money order, make it payable to “United States Treasury.” Enter your EIN, “Form 941,” and the tax period (“1st Quarter 2020,” “2nd Quarter 2020,” “3rd Quarter 2020,” or “4th Quarter 2020”) on your check or money order. Complete Form 941-V and enclose with Form 941.



If line 12 is \$2,500 or more on both your prior and current quarter Form 941, and you've deposited all taxes when due, the balance due on line 14 should be zero, unless you've reduced your deposits in anticipation of filing a Form 941-X to claim COBRA premium assistance credits. See [Depositing Your Taxes](#), earlier.



*If you're required to make deposits and instead pay the taxes with Form 941, you may be subject to a penalty. See [Must You Deposit Your Taxes](#), earlier.*

**What if you can't pay in full?** If you can't pay the full amount of tax you owe, you can apply for an installment agreement online. You can apply for an installment agreement online if:

- You can't pay the full amount shown on line 14,
- The total amount you owe is \$25,000 or less, and
- You can pay the liability in full in 24 months.

To apply using the Online Payment Agreement Application, go to [IRS.gov/OPA](https://www.irs.gov/OPA).

Under an installment agreement, you can pay what you owe in monthly installments. There are certain conditions you must meet to enter into and maintain an installment agreement, such as paying the liability within 24 months, and making all required deposits and timely filing tax returns during the length of the agreement.

If your installment agreement is accepted, you will be charged a fee and you will be subject to penalties and interest on the amount of tax not paid by the due date of the return.

## 15. Overpayment

If line 13 is more than line 12, enter the difference on line 15.

**Never make an entry on both lines 14 and 15.**

If you deposited more than the correct amount for the quarter, you can choose to have the IRS either refund the overpayment or apply it to your next return. Check only one box on line 15. If you don't check either box or if you check both boxes, generally we will apply the overpayment to your next return. Regardless of any boxes you check or don't check on line 15, we may apply your overpayment to any past due tax account that is shown in our records under your EIN.

If line 15 is under \$1, we will send a refund or apply it to your next return only if you ask us in writing to do so.

## Complete Both Pages

You must complete both pages of Form 941 and sign on page 2. Failure to do so may delay processing of your return.

## Part 2: Tell Us About Your Deposit Schedule and Tax Liability for This Quarter

### 16. Tax Liability for the Quarter

Check one of the boxes on line 16. Follow the instructions for each box to determine if you need to enter your monthly tax liability on Form 941 or your daily tax liability on Schedule B (Form 941).

**De minimis exception.** If line 12 is less than \$2,500 or line 12 on the prior quarterly return was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter, check the first box on line 16 and go to Part 3.



*If you meet the de minimis exception based on the prior quarter and line 12 for the current quarter is \$100,000 or more, you must provide a record of your federal tax liability. If you're a monthly schedule depositor, complete the deposit schedule on line 16. If you're a semiweekly schedule depositor, attach Schedule B (Form 941).*

**Monthly schedule depositor.** If you reported \$50,000 or less in taxes during the lookback period, you're a monthly schedule depositor unless the \$100,000 Next-Day Deposit Rule discussed in section 11 of Pub. 15 applies. Check the second box on line 16 and enter your tax liability for each month in the quarter. Enter your tax liabilities in the month that corresponds to the dates you paid wages to your employees, not the date payroll liabilities were accrued or deposits were made. Add the amounts for each month. Enter the result in the "Total liability for quarter" box.

Note that your total tax liability for the quarter must equal your total taxes shown on line 12. If it doesn't, your tax deposits and payments may not be counted as timely. Don't change your tax liability on line 16 by adjustments reported on any Forms 941-X.

You're a monthly schedule depositor for the calendar year if the amount of your Form 941 taxes reported for the lookback period is \$50,000 or less. The lookback period is the 4 consecutive quarters ending on June 30 of the prior year. For 2020, the lookback period begins July 1, 2018, and ends June 30, 2019. For details on the deposit rules, see section 11 of Pub. 15. If you filed Form 944 in either 2018 or 2019, your lookback period is the 2018 calendar year.



*The amounts entered on line 16 are a summary of your monthly tax liability, not a summary of deposits you made. If you don't properly report your liabilities when required or if you're a semiweekly schedule depositor and enter your liabilities on line 16 instead of on Schedule B (Form 941), you may be assessed an "averaged" FTD penalty. See Deposit Penalties in section 11 of Pub. 15 for more information.*

**Reporting adjustments from lines 7–9 on line 16.** If your net adjustment during a month is negative and it exceeds your total tax liability for the month, don't enter a negative amount for the month. Instead, enter "-0-" for the month and carry over the unused portion of the adjustment to the next month.

**Semiweekly schedule depositor.** If you reported more than \$50,000 of taxes for the lookback period, you're a semiweekly schedule depositor. Check the third box on line 16.

You must complete Schedule B (Form 941) and submit it with your Form 941. Don't file Schedule B (Form 941) with your Form 941 if you're a monthly schedule depositor.

Don't change your tax liability on Schedule B (Form 941) by adjustments reported on any Forms 941-X.

**Adjusting tax liability for the qualified small business payroll tax credit for increasing research activities reported on line 11.** Monthly schedule depositors and semiweekly schedule depositors must account for the qualified small business payroll tax credit for increasing research activities (line 11) when reporting their tax liabilities on line 16 or Schedule B (Form 941). The total tax liability for the quarter must equal the amount reported on line 12. Failure to account for the qualified small business payroll tax



credit for increasing research activities on line 16 or Schedule B (Form 941) may cause line 16 or Schedule B (Form 941) to report more than the total tax liability reported on line 12.

The qualified small business payroll tax credit for increasing research activities applies to the employer share of social security tax on wages paid in the quarter that begins after the income tax return electing the credit has been filed. In completing line 16 or Schedule B (Form 941), you take into account the payroll tax credit against the liability for the employer share of social security tax starting with the first payroll payment of the quarter that includes payments of wages subject to social security tax to your employees. The credit may be taken to the extent of the employer share of social security tax on wages associated with the first payroll payment, and then to the extent of the employer share of social security tax associated with succeeding payroll payments in the quarter until the credit is used. Don't reduce your monthly tax liability reported on line 16 or your daily tax liability reported on Schedule B (Form 941) below zero. Consistent with the entries on line 16 or Schedule B (Form 941), the payroll tax credit should be taken into account in making deposits of employment tax. If any payroll tax credit is remaining at the end of the quarter that has not been used completely because it exceeds the employer share of social security tax for the quarter, the excess credit may be carried forward to the succeeding quarter and allowed as a payroll tax credit for the succeeding quarter. The payroll tax credit may not be taken as a credit against income tax withholding, Medicare tax, or the employee share of social security tax. Also, the remaining payroll tax credit may not be carried back and taken as a credit against wages paid from preceding quarters.

**Example.** Rose Co. is an employer with a calendar tax year that filed its timely income tax return on April 15, 2020. Rose Co. elected to take the qualified small business payroll tax credit for increasing research activities on Form 6765. The third quarter of 2020 is the first quarter that begins after Rose Co. filed the income tax return making the payroll tax credit election. Therefore, the payroll tax credit applies against Rose Co.'s share of social security tax on wages paid to employees in the third quarter of 2020. Rose Co. is a semiweekly schedule depositor. Rose Co. completes Schedule B (Form 941) by reducing the amount of liability entered for the first payroll payment in the third quarter of 2020 that includes wages subject to social security tax by the lesser of (1) its share of social security tax on the wages, or (2) the available payroll tax credit. If the payroll tax credit elected is more than Rose Co.'s share of social security tax on the first payroll payment of the quarter, the excess payroll tax credit would be carried forward to succeeding payroll payments in the third quarter until it is used. If the amount of the payroll tax credit exceeds Rose Co.'s share of social security tax on wages paid to its employees in the third quarter, the excess credit would be treated as a payroll tax credit against its share of social security tax on wages paid in the fourth quarter. If the amount of the payroll tax credit remaining exceeded Rose Co.'s share of social security tax on wages paid in the fourth quarter, it could be carried forward and treated as a payroll tax credit for the first quarter of 2021.

## Part 3: Tell Us About Your Business

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In Part 3, answer only those questions that apply to your business. If the questions don't apply, leave them blank and go to Part 4.

### 17. If Your Business Has Closed . . .

If you go out of business or stop paying wages, you must file a final return. To tell the IRS that a particular Form 941 is your final return, check the box on line 17 and enter the final date you paid wages in the space provided. For additional filing requirements, see [If Your Business Has Closed](#), earlier.

### 18. If You're a Seasonal Employer . . .

If you hire employees seasonally—such as for summer or winter only—check the box on line 18. Checking the box tells the IRS not to expect four Forms 941 from you throughout the year because you haven't paid wages regularly.

Generally, we won't ask about unfiled returns if at least one taxable return is filed each year. However, you must check the box on line 18 on every Form 941 you file. Otherwise, the IRS will expect a return to be filed for each quarter.

Also, when you complete Form 941, be sure to check the box on the top of the form that corresponds to the quarter reported.

## Part 4: May We Speak With Your Third-Party Designee?

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If you want to allow an employee, a paid tax preparer, or another person to discuss your Form 941 with the IRS, check the "Yes" box in Part 4. Enter the name, phone number, and the five-digit personal identification number (PIN) of the specific person to speak with—not the name of the firm that prepared your tax return. The designee may choose any five numbers as his or her PIN.

By checking "Yes," you authorize the IRS to talk to the person you named (your designee) about any questions we may have while we process your return. You also authorize your designee to do all of the following.

- Give us any information that is missing from your return.
- Call us for information about processing your return.
- Respond to certain IRS notices that you've shared with your designee about math errors and return preparation. The IRS won't send notices to your designee.

You're not authorizing your designee to bind you to anything (including additional tax liability) or to otherwise represent you before the IRS. If you want to expand your designee's authorization, see Pub. 947.

The authorization will automatically expire 1 year from the due date (without regard to extensions) for filing your Form 941. If you or your designee wants to terminate the authorization, write to the IRS office for your location using the [Without a payment](#) address under [Where Should You File](#), earlier.

## Part 5: Sign Here (Approved Roles)

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Complete all information and sign Form 941. The following persons are authorized to sign the return for each type of business entity.

- **Sole proprietorship**—The individual who owns the business.

- **Corporation (including a limited liability company (LLC) treated as a corporation)**—The president, vice president, or other principal officer duly authorized to sign.
- **Partnership (including an LLC treated as a partnership) or unincorporated organization**—A responsible and duly authorized partner, member, or officer having knowledge of its affairs.
- **Single-member LLC treated as a disregarded entity for federal income tax purposes**—The owner of the LLC or a principal officer duly authorized to sign.
- **Trust or estate**—The fiduciary.

Form 941 may be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

**Alternative signature method.** Corporate officers or duly authorized agents may sign Form 941 by rubber stamp, mechanical device, or computer software program. For details and required documentation, see Rev. Proc. 2005-39, 2005-28 I.R.B. 82, available at [IRS.gov/irb/2005-28\\_IRB#RP-2005-39](https://www.irs.gov/irb/2005-28_IRB#RP-2005-39).

### Paid Preparer Use Only

A paid preparer must sign Form 941 and provide the information in the *Paid Preparer Use Only* section of Part 5 if the preparer was paid to prepare Form 941 and isn't an employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give you

a copy of the return in addition to the copy to be filed with the IRS.

If you're a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, enter the firm's name and the EIN of the firm. You can apply for a PTIN online or by filing Form W-12. For more information about applying for a PTIN online, go to [IRS.gov/PTIN](https://www.irs.gov/PTIN). You can't use your PTIN in place of the EIN of the tax preparation firm.

Generally, don't complete this section if you're filing the return as a reporting agent and have a valid Form 8655 on file with the IRS. However, a reporting agent must complete this section if the reporting agent offered legal advice, for example, advising the client on determining whether its workers are employees or independent contractors for federal tax purposes.

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## How To Get Forms, Instructions, and Publications

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You can view, download, or print most of the forms, instructions, and publications you may need at [IRS.gov/Forms](https://www.irs.gov/Forms). Otherwise, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order and have them mailed to you.