

941 & 941X AND COVID-19 ISSUES AND CORRECTIONS

Dayna J Reum, CPP, FPC



AGENDA

- COVID-19 Legislative Updates
 - Employer Retention Tax credits
 - Sick and Family Leave credits
 - Form 7200
- 941 Basic Requirements
 - Reporting Requirements
 - 941 Due Dates
 - Electronic Filing
 - Signing Requirements
- Line by line review of the updated final Q2 2020 Form
- Schedule B requirements and tips
- Reconciliation of Form 941 and W-2's at year end
- Form 941X Basics
 - Deadlines for Filing Form 941x
 - Form 941X Line by Line Review
- Questions



PAID SICK/FAMILY LEAVE

- On March 18, 2020 President Trump signed into law H.R. 6201, the families First Coronavirus Response Act (FFCRA; Pub L. 116-127).
- The law provides emergency paid leave and emergency paid family and medical leave.
- The law provides employers with a tax credit to reimburse for the costs of providing the paid leave.
- Adds additional measures to stabilize the unemployment insurance system.
- On March 27, 2020 President Trump signed into law the CARES Act (Pub. L. 116-136) which clarified parts of the FFCRA.



PAID SICK/FAMILY LEAVE

- Effective April 1, 2020 thru December 31, 2020 the FFCRA requires private employers fewer than 500 employees and all government employers to provide 80 hours (2 weeks) of paid leave to their full-time employees. Tax Credit was extended through March 31, 2021, but not requirement to pay.
- Part time employees are eligible to receive payments for the number of hours they on average work over a 2 week period.
- Most government employers are covered under the Family and Medical Leave Act which was not amended by the COVID19 Acts thus why they are not covered or can use the credit. However federal employees that are covered under the Title II portion are covered for paid sick leave provisions such as health care workers or emergency medical responders.
- The law also provides the Secretary of Labor the authority to exempt employers with fewer than 50 employees from the requirement to provide leave for an employee who is caring for a son or daughter whose school or place of care has been closed and/or the child care provider is unavailable. If the child is under 18 years of age.
 - This exemption is only available where the employer demonstrates that providing the leave would jeopardize the viability of the business.
 - Example health care of emergency responder would be excluded from the paid leave requirements.



PAID SICK/FAMILY LEAVE

- The leave must be provided in instances where an employee:
 1. Is subject to a federal, state, or local quarantine or isolation order related to COVID-19
 2. The employee has been advised by a health care provider to self quarantine due to concerns related to COVID-19
 3. The employee is experiencing symptoms of COVID-19 and is seeking medical diagnosis
 4. The employee is caring for an individual subject to an order described in 1 and 2.
 5. The employee is caring for a son or daughter and the child's school or place of care has been closed, or the child care provider is unavailable due to COVID-19 precautions.
 6. The employee is experiencing any other substantially similar condition.



PAID SICK/FAMILY LEAVE CREDIT

- How to calculate pay
 - The required amount is based on the full amount the employee would have been paid (capped at \$511 per day/\$5110 in the aggregate. This corresponds with the maximum tax credit allowed).
- If the leave is due to the last 3 requirements (caring for others, experiencing a substantially similar condition).
 - The required amount is two-thirds of the full pay amount (capped at \$200 per day/\$2000 in the aggregate). This still corresponds with the maximum tax credit.
- Self employed individuals are also eligible for paid sick leave, but the payment will be made through tax credits.
- Tax Credit notice IRS Notice 2020-21,3-27-20



EMPLOYER RETENTION CREDIT

- Employee Retention Credit
 - Eligible employers can claim a payroll tax credit against applicable employment taxes for each calendar quarter equal to 50% of the qualified wages paid to employees.
 - Eligible employers is an employer that had there operations fully or partially suspended during the calendar year due to government orders limiting business activities or suffered as loss of 50% in gross receipts compared to the same period in the previous year due to COVID-19.
 - Qualified wages for the credit per employee is capped at \$10,000 per quarter (this includes certain employer paid qualified health plan expenses). Employers with more than 100 employees can claim a credit on wages paid to employees who are retained but not working due to COVID-19. Employers with less then 100 employees can claim the credit for wages paid to employees.
 - Number of employees is defined the same way as the ACA definitions.
 - IR-2020-62, 3-31-20



EMPLOYER RETENTION CREDIT

- Employer Retention Credit was extended for all wages paid before July 1 ,2021.
- The credit is increased to 70% of qualified wages for each quarter.
- For an employer to qualify for the credit the reduction in gross receipts was adjusted from 50% to 20%.
- Definition of a large employer is increased from 100 to 500 employees for purposes of the CARES Act.
- An employer can now receive PPP loan and qualify for the employer retention credit so long as the wages taken into consideration for the tax credit are not paid with forgiven PPP loan proceeds.



COVID-19 TAX CREDITS

- The IRS released Form 7200 Advance Payment of Employer Credits Due to COVID-19 along with instructions.
- The intention of the form is for employers to request an advance of the tax credits for qualified sick leave, qualified paid family and medical leave, and the employee retention credit. Employers will generally use Forms 941, 943, 944 or CT-1 to claim the tax credit. However the Form 7200 can be used for the advance of the credit.
- Eligible employers that pay qualified sick and family leave wages or qualified wages eligible for the employee retention credit should retain an amount of the employment taxes equal to the amount of those wages. Along with the employee retention credit, rather than depositing these amounts with the IRS.
- In addition certain health plan expenses and the employers share of the Medicare taxes on the qualified leave wages.
- Employment taxes included in the credit is withheld federal income taxes, the employee and employer share of social security and medicare taxes.
 - If the employer does not have enough in tax credits to cover the cost of the wages, the employer can file the Form 7200 to request an advance payment from the IRS.
 - Employers should not reduce their deposits and request advance credit payments for the same expected credit. Employers will need to reconcile their advance credit payments and reduced deposits on their employment tax return.



COVID-19 TAX CREDITS

- Employers are not required to file the Form 7200. Instead of filing a Form 7200, employers should first reduce their employment tax deposits to account for the credits.
- Employers can request the amount of the credit that exceeds their reduced deposits by filing the Form 7200 or wait to get a refund when they claim the credits on there employment tax return.
- The Form 7200 can be filed any time before the end of the month following the quarter in which the qualified wages were paid.
 - The form 7200 can be filed several times during each quarter, however Form 7200 may not be filed after the Form 941 for the fourth quarter of 2020 has been filed (extended to 3/1/2021). Extended for Family and Sick leave credits to 4/30/2021. Extended for Employer Retention Credit to 6/30/2021.
 - The completed form can be filed via fax to 1-855-248-0552
- File 2020 credits with the 2020 form and the 2021 credits with the updated 2021 form.



COVID-19 TAX CREDITS

- Recordkeeping
 - Employers are required to keep records showing how the credit was calculated along with.
 - Documentation showing that the employer determined their employees qualified to receive sick and family leave wages.
 - Documentation to show the employers eligibility for the employee retention credit based on suspension of operations or significant decline in gross receipts.



QUARTERLY TAX REPORTING-FORM 941

- Quarterly Tax Reporting
 - Form 941
 - All employers who pay wages subject to federal income tax withholding (including withholding on sick pay and supplemental unemployment benefits) or social security and Medicare taxes must file Form 941.
 - Must be completed each calendar quarter, by the last day of the month that follows the end of the quarter.



QUARTERLY TAX REPORTING-FORM 941

- Quarterly Tax Reporting
 - Form 941
 - Exceptions
 - Seasonal employers who no longer file for quarters when they regularly have no tax liability because they have paid no wages.
 - Household employers reporting social security and Medicare taxes and/or withheld federal income tax.
 - Employers reporting wages for employees in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or Puerto Rico.
 - Agricultural employers reporting social security and Medicare taxes and/or withheld federal income tax



QUARTERLY TAX REPORTING-FORM 941

- Quarterly Tax Reporting
 - Form 941
 - Due Dates
- Employers should file starting with the first quarter in which they are required to withhold federal income tax or pay wages subject to social security and Medicare taxes.

Quarter	Ending	Due Date
Jan.-Feb.-Mar.	March 31	April 30
Apr.-May-June	June 30	July 31
July-Aug.-Sept.	Sept. 30	Oct. 31
Oct.-Nov.-Dec.	Dec. 31	Jan. 31



QUARTERLY TAX REPORTING-FORM 941

▶ Quarterly Tax Reporting

- Form 941
 - Important Points
 - Social Security and Medicare taxes always should balance on the Form 941.
 - Quarterly Form 941 forms are a critical piece to the YE reconciliation process.
 - Careful about signers and third party designees
 - Negative amounts should be in parentheses not negative signs.
 - Print should be Courier 12 font
 - Enter the company name and EIN on **all** pages and attachments
 - Omit dollar signs and decimal points.
 - Penalties
 - For each whole or part month a return is not filed when required (disregarding any extensions of the filing deadline), there is a penalty of 5% of the unpaid tax due with that return. The maximum penalty is 25% of the tax due.
 - For each whole or part month the tax is paid late (disregarding any extensions of the payment deadline), a penalty of 0.5% per month of the amount of tax generally applies. This penalty is 0.25% per month if an installment agreement is in effect.



QUARTERLY TAX REPORTING-FORM 941

- Signing the Form 941
 - Form 941 must be signed as follows:
 - Sole proprietorship
The individual who owns the business
 - Corporation (including an LLC treated as a corporation)
The president, vice president, or other principal officer
 - Partnership (including an LLC treated as a partnership) or unincorporated organization
A responsible and duly authorized member or officer having knowledge of its affairs
 - Single member limited liability company (LLC) treated as a disregarded entity
The owner of the limited liability company (LLC)
 - Trust or estate
The fiduciary



2020 FORM 941

■ Mailing address

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
Special filing address 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



FORM 941 LINE BY LINE REVIEW

- **Part 1: Line 1 - Number Of Employees Who Received Wages, Tips, Or Other Compensation This Quarter**
 - Report the number of employees paid **for the quarter indicated** at the top of Form 941.
 - Do not include:
 - Household employees
 - Employees who received no pay for the pay period
 - Farm employees
 - Pensioners
 - Active members of the Armed Forces
- **Part 1: Line 2 - Wages And Tips, and Other Compensation**
 - Report amounts on Line 2 that would also be included in Box 1 of the employees' Forms W-2. Include sick pay paid by a third party if timely notice of payments was received and liability for employee's taxes was transferred.
- **Part 1: Line 3 - Income Tax Withheld from Wages, Tips and Other Compensation**
 - Report the federal income tax that was withheld from employees on this quarter's wages, tips, taxable fringe benefits, and supplemental unemployment compensation benefits.
 - Do not include any federal income tax withheld by a third-party payer of sick pay.



FORM 941 LINE BY LINE REVIEW

■ **Part 1: Line 4 - If No Wages, Tips, And Compensation On Line 2 Are Subject To Social Security Or Medicare Tax**

- If no wages, tips, and compensation on Line 2 are subject to social security and Medicare taxes, check the Box on Line 4 and proceed to Line 6. If this question does not apply, leave the Box blank.

■ **Part 1: Line 5a-5e - Taxable Social Security And Medicare Wages And Tips**

■ Line 5a - Taxable Social Security Wages- Column 1

- Report the total wages, sick pay, or fringe benefits subject to social security taxes that were paid to the employees during the quarter up to the limit of \$137,700 in 2020 (\$142,8000 in 2021). Do not include the qualified sick leave or family leave wages (reported on 5a(i) and 5a(ii))

■ Line 5a - Taxable Social Security Wages- Column 2

- $\text{Line 5a column 1} \times .124 = \text{Line 5a column 2}$ (.62 for employee + .62 employer=.124 Total rate)

■ Line 5a(i) Qualified Sick Leave Wages – Column 1

- Report qualified sick leave wages paid in the current quarter.

■ Line 5a (i) Qualified Sick Leave Wages – Column 2

- $\text{Line 5a (i) column 1} \times .062$ these wages are not subject to the employer share of social security

■ Line 5a (ii) Qualified Family Leave Wages-Column 1

- Report qualified family leave wages paid in the current quarter

■ Line 5a (ii) Qualified Family Leave Wages Column 2

- $\text{Line 5a (ii) column 1} \times .062$ these wages are not subject to the employer share of social security



FORM 941 LINE BY LINE REVIEW

- **Part 1: Line 5a- 5e - Taxable Social Security And Medicare Wages And Tips**
 - Line 5b - Taxable Social Security Tips- Column 1
 - Report all tips the employees reported to the employer during the quarter until the total of the tips and wages for an employee reach \$137,700 for 2020, \$142,800 for 2021.
 - Line 5b - Taxable Social Security Tips- Column 2
 - $\text{Line 5b column 1} \times .124 = \text{Line 5b column 2}$ (.62 for employee + .62 employer = .124 Total rate)
 - Line 5c - Taxable Medicare Wages And Tips-Column 1
 - Report all wages, tips, sick pay, and taxable fringe benefits that are subject to Medicare tax.
 - Line 5c - Taxable Medicare Wages And Tips-Column 2
 - $\text{Line 5c column 1} \times .029 = \text{Line 5c column 2}$ (.145 employee + .145 employer = .29 Total rate)
 - Line 5d – Taxable wages & tips subject to additional Medicare tax withholding-Column 1
 - Report all wages, tips, sick pay, and taxable fringe benefits that are subject to the additional Medicare tax. The additional Medicare tax is on all wages, tips, sick pay and taxable fringe benefits that are over the YTD Medicare taxable wages of \$200,000.
 - Line 5d – Taxable wages & tips subject to additional Medicare tax withholding-Column 2
 - $\text{Line 5d column 1} \times .009 = \text{Line 5d column 2}$
 - Line 5e - Total Social Security and Medicare Taxes
 - Add column 2 of Line 5a, Line 5b, Line 5c, and Line 5d and report the amount here on Line 5e.
 - Line 5f Section 3121 (g) Notice and Demand – Tax due on unreported tips
 - Report any amounts that the employer received a notice and demand from the IRS. Employers typically receive this when employees claim tips to the IRS that the IRS does not show as reported by the employer.



FORM 941 LINE BY LINE REVIEW

■ **Part 1: Line 6 - Total Taxes Before Adjustments**

- Add the total federal income tax withheld from wages, tips, and other compensation (Line 3) and total social security and Medicare taxes before adjustments (Line 5e) and Section 3121 (q) Notice and Demand – Tax due on unreported tips (Line 5f).

■ **Line 7 - Current Quarter's Fractions Of Cents Adjustment**

- Report adjustments for fractions of cents (due to rounding) relating to the employee portion of social security and Medicare taxes withheld.
- The employee portion (one-half) of amounts shown in column 2 of Lines 5a-5e may differ slightly from amounts actually withheld from employees' paychecks due to the rounding of social security and Medicare taxes based on statutory rates.
- Rounding occurs when the amount of social security and Medicare tax to be withheld is computed and deposited from each employee's wages. IRS refers to rounding differences relating to employee withholding of social security and Medicare taxes as "fractions-of-cents" adjustments.
- To determine if there is a fractions-of-cents adjustment, multiply the total wages and tips for the quarter subject to:
 - Social security tax (reported on Lines 5a, column 1 and 5b, column 1) by 6.2% (.062)
 - Medicare tax (reported on Line 5c column 1 and 5d column 1) by 1.45% (.0145)Compare these amounts (the employee portion of social security and Medicare taxes) with the total social security and Medicare taxes actually withheld from employees for the quarter (from the payroll records).
- The difference, positive or negative, is the fractions-of-cents adjustment to be reported on Line 7. If the actual amount withheld is less, report a negative adjustment in parentheses (if possible) in the entry space. If the actual amount is more, report a positive adjustment.



FORM 941 LINE BY LINE REVIEW

- **Line 8 - Current Quarter's Adjustment for Sick Pay:**
 - Report the adjustment for the employee portion of social security and Medicare taxes that were withheld by the third-party sick pay payer.
- **Line 9 - Current Quarter's Adjustments For Tips and Group-Term Life Insurance:**
 - Report adjustments for:
 - Any uncollected employee portion of social security and Medicare taxes on tips.
 - The uncollected employee portion of social security and Medicare taxes on group-term life insurance premiums paid for former employees.
- **Line 10 - Total Adjustments:**
 - Combine all the adjustments reported on Lines 7 through 9 and enter the result on Line 10.



FORM 941 LINE BY LINE REVIEW

- **Line 11 (a) – Qualified small business payroll tax for increasing research activity:**
 - For tax year beginning Dec 2015, a qualified small business may 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 credit can be used against the employer's share of social security tax 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 will come from the Form 6765 Credit for Increasing Research Activities. The amount on Form 6765, line 44 should then be reported on Form 8974. The amount from Form 8974, Line 12 is reported on Form 941, line 11. It is required that the Form 8974 be attached if an amount is reported on line 11 of the Form 941.
- **Line 11(b) Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages.**
 - Businesses and tax-exempt organizations with fewer than 500 employees that are required to provide paid sick leave under the EPSLA and/or to provide paid family leave under the Emergency Family and Medical Leave Expansion Act are eligible to claim the credit for qualified sick and family leave wages for the period from April 1, 2020, to December 31, 2020. (New Worksheet #1 Step 2, line 2j in draft instructions to calculate)



FORM 941 LINE BY LINE REVIEW

- **Line 11(c) Nonrefundable Portion of Employee Retention Credit**
 - Employers that receives a small business interruption loan under the Paycheck Protection Program this is authorized under the CARES Act can not claim the Employer Retention Credit. (New Worksheet #1 Step 3, line 3j in draft instructions to calculate) only to the extend of the employer social security tax reported on line 5a and 5b. Any amounts in excess are refundable on line 13d
- **Line 11(d) Total Nonrefundable Credits**
 - Add lines 11a, 11b, and 11c, Enter total on 11d
- **Line 12-Total taxes after adjustments and credits**
 - Subtract line 11d from line 10 enter result on line 12



FORM 941 LINE BY LINE REVIEW

■ **Part 1: Line 13(a) - Total Deposits For This Quarter**

- Report the company's deposits for this quarter, including any deposits that were required to be made to cover prior period liabilities resulting from filing Form 941-X or Form 944-X in the current quarter. Also include in the amount shown any overpayment from a previous period that was applied to this return.
- semiweekly depositor must complete Schedule B. If the company fails to complete and submit Schedule B the IRS will assert deposit penalties based on available information.

■ **Part 1: Line 13(b) Deferred Amount of the Employer Share of Social Security Tax.**

- Total amount of the employer share of social security tax that the employer deferred during the quarter. Reminders only include employer share. Do not reduce the amount on line 13b by the credits claimed on line 11a, 11b and 11c. If tax was paid already do not defer on line 13b
- This amount is due back to the IRS, one half by December 31, 2021 and the remainder by December 31, 2022



FORM 941 LINE BY LINE REVIEW

- **Part 1: Line 13(c) Refundable Portion of Credit for Qualified Sick and Family Leave Wages**

- Businesses and tax-exempt organizations with fewer than 500 employees that are required to provide paid sick leave under the EPSLA and/or to provide paid family leave under the Emergency Family and Medical Leave Expansion Act are eligible to claim the credit for qualified sick and family leave wages for the period from April 1, 2020, to December 31, 2020. (New Worksheet #1 Step 2, line 2k in draft instructions to calculate)

- **Part 1: Line 13(d) Refundable Portion of Employee Retention Credit**

- Enter the refundable portion of the employee retention credit from Worksheet 1, Step 3, line 3k. The employee retention credit is 50% of the qualified wages paid to employees during the quarter. For the second quarter only, the credit will include 50% of the qualified wages paid between March 13, 2020, and March 31, 2020. The refundable portion of the credit is allowed after the employer share of social security tax reported on Form 941, lines 5a and 5b, is reduced to zero by nonrefundable credit.

- **Part 1: Line 13(e) Total Deposits, Deferrals and Refundable Credits**

- Add lines 13a, 13b, 13c and 13d enter total on line 13(e)



DRAFT 941 NEW LINES DETAILS

- **Part 1: Line 13(f)- Total Advances Received From Filing Form(s) 7200 for the quarter**

- Enter the total amount of advances received from filing form 7200 for the quarter. If a form 7200 was filed before the end of the quarter but the employer hasn't received the advance before filing the Form 941 do not include the amount in Line 13(f)

- **Part 1: Line 13(g)- Total Deposits, Deferrals and Refundable Credits Less Advances**

- Subtract line 13f from line 13e. Enter the result in line 13g

- **Part 1: Line 14- Balance Due**

- If Line 12 is more than Line 13g report the difference on Line 14 If Line 13g is more than Line 12, go to Line 15.

- **Part 1: Line 15 - Overpayment**

- If Line 13g is more than Line 12, report the difference on Line 15 and check one of the Boxes "apply to next return" or "send refund". Then continue to Part 2 on the next page of the Form.

Never report an amount on both Lines 14 and 15.



FORM 941 LINE BY LINE REVIEW

■ **Part 2 : Deposit Schedule And Tax Liability For This Quarter Lines 16**

- If Line 12 is less than \$2,500.00, check the Box “Line 10 is less than \$2,500.00” and proceed to Part 3 of the Form 941.
- If the employer reported \$50,000.00 or less in tax liabilities during the lookback period, the employer is a **monthly depositor** (unless the *\$100,000.00 Next-Day Deposit Rule* applies). If an employer reported more than \$50,000.00 in tax liabilities during the lookback period, the employer is a semiweekly depositor.
- If the employer is a monthly depositor, check the Box “You were a monthly schedule depositor for the entire quarter. Report the tax liability for each month.”
- If the employer is a semiweekly depositor, check the Box “You were a semiweekly schedule depositor for any part of this quarter.”
- Semiweekly depositors **must** complete the Schedule B and submit it with the Form 941. **Do not** use Schedule B if the employer is a monthly depositor.



FORM 941 LINE BY LINE REVIEW

■ **Part 3 Tell Us About Your Business Lines 17 and 18**

- Part 3 of Form 941 is only required if any of the questions listed on the Form apply to the company. If the questions do not apply, leave them blank and proceed to Part 4 of Form 941.
- Line 17
- If the business closed or stopped paying wages, enter a check in the “check here” Box and enter the final date wages were paid in the Box on Line 15.
- Line 18
- If the business is a seasonal employer and does not have to file a return for every quarter of the current year, enter a check in the “check here” Box on Line 16.



FORM 941 LINE BY LINE REVIEW

- **Part 3: Line 19 Qualified health plan expenses allocable to qualified sick leave wages**
- **Part 3: Line 20 Qualified health plan expenses allocable to qualified family leave wages**
- **Part 3: Line 21 Qualified wages for the employee retention credit**
- **Part 3: Line 22 Qualified health plan expenses allocable to wages reported on Line 21**
- **Part 3: Line 23 Credit for 5884-C, line 11, for this quarter**
 - Work opportunity credit for qualified tax exempt organizations hiring qualified veterans for this quarter.
- **Part 3: Line 24 Qualified wages paid March 13 through March 31, 2020 for the employee retention credit (use this line only for the second quarter filing of form 941)**
- **Part 3: Line 25 Qualified health plan expenses allocable to wages report on line 24 (use this line only for the second quarter filing of Form 941)**



FORM 941 LINE BY LINE REVIEW

■ **Part 4 Can The IRS Contact The Company's Third-Party Designee?**

- If the employer wants to allow an employee, a paid tax preparer, or another person to discuss the company's Form 941 with the IRS, check the "Yes" Box in Part 4. Inform the IRS the name, phone number, and the five-digit personal identification number (PIN) of the specific person to contact—not the name of the firm who prepared the tax return. The designee may choose any five numbers as his or her PIN.
- By checking "Yes," the employer authorizes the IRS to call the person named (the designee) with any questions they may have while they process the return. The employer also authorizes the designee to:
 - Give the IRS any information that is missing from the return
 - Call the IRS for information about processing the return
 - Respond to certain IRS notices that the employer shared with the designee about math errors and return preparation. The IRS will **not** send notices to the designee.
- The designee can not bind the company.



FORM 941 LINE BY LINE REVIEW

■ **Part 5 Sign here—Who Must Sign The Form 941?**

■ Form 941 must be signed as follows:

- Sole proprietorship
The individual who owns the business
- Corporation (including an LLC treated as a corporation)
The president, vice president, or other principal officer
- Partnership (including an LLC treated as a partnership) or unincorporated organization
A responsible and duly authorized member or officer having knowledge of its affairs
- Single member limited liability company (LLC) treated as a disregarded entity
The owner of the limited liability company (LLC)
- Trust or estate
The fiduciary

- Form 941 may also be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.
- Corporate officers or duly authorized agents may sign Form 941 by rubber stamp, mechanical device, or computer software program.
- A paid preparer does not include an authorized reporting agent. Authorized reporting agents should have a valid Form 8655 *Reporting Agent Authorization* on file with the IRS.



QUARTERLY TAX REPORTING-FORM 941 Q2 2020 AND BEYOND

Form 941 for 2020: Employer's QUARTERLY Federal Tax Return

(Rev. July 2020)

Department of the Treasury — Internal Revenue Service

950120

OMB No. 1545-0029

Employer identification number (EIN)	<input type="text"/>
Name (not your trade name)	<input type="text"/>
Trade name (if any)	<input type="text"/>
Address	<input type="text"/>
Number	Street
City	State
ZIP code	Foreign postal code
Foreign country name	Foreign province/country

Report for this Quarter of 2020 (Check one)

- ☐ 1: January, February, March
☐ 2: April, May, June
☐ 3: July, August, September
☐ 4: October, November, December
Go to www.irs.gov/Form941 for instructions and the latest information.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1: Answer these questions for this quarter.

1	Number of employees who received wages, tips, or other compensation for the pay period including: Sept. 12 (Quarter 3) or Dec. 12 (Quarter 4)	1	<input type="text"/>
2	Wages, tips, and other compensation	2	<input type="text"/>
3	Federal income tax withheld from wages, tips, and other compensation	3	<input type="text"/>
4	If no wages, tips, and other compensation are subject to social security or Medicare tax	<input type="checkbox"/> Check and go to line 6.	
5a	Taxable social security wages	Column 1	Column 2
5a (i)	Qualified sick leave wages	<input type="text"/>	<input type="text"/>
5a (ii)	Qualified family leave wages	<input type="text"/>	<input type="text"/>
5b	Taxable social security tips	<input type="text"/>	<input type="text"/>
5c	Taxable Medicare wages & tips	<input type="text"/>	<input type="text"/>
5d	Taxable wages & tips subject to Additional Medicare Tax withholding	<input type="text"/>	<input type="text"/>
5e	Total social security and Medicare taxes. Add Column 2 from lines 5a, 5a(i), 5a(ii), 5b, 5c, and 5d	5e	<input type="text"/>
5f	Section 3121(g) Notice and Demand—Tax due on unreported tips (see instructions)	5f	<input type="text"/>
6	Total taxes before adjustments. Add lines 3, 5e, and 5f	6	<input type="text"/>
7	Current quarter's adjustment for fractions of cents	7	<input type="text"/>
8	Current quarter's adjustment for sick pay	8	<input type="text"/>
9	Current quarter's adjustments for tips and group-term life insurance	9	<input type="text"/>
10	Total taxes after adjustments. Combine lines 6 through 9	10	<input type="text"/>
11a	Qualified small business payroll tax credit for increasing research activities. Attach Form 8974	11a	<input type="text"/>
11b	Nonrefundable portion of credit for qualified sick and family leave wages from Worksheet 1	11b	<input type="text"/>
11c	Nonrefundable portion of employee retention credit from Worksheet 1	11c	<input type="text"/>

▶ You MUST complete all three pages of Form 941 and SIGN it.

For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.

Cat. No. 17001Z

Form 941 (Rev. 7-2020)

Next

Name (not your trade name)

Employer identification number (EIN)

950220

Part 1: Answer these questions for this quarter. (continued)

11d	Total nonrefundable credits. Add lines 11a, 11b, and 11c	11d	<input type="text"/>
12	Total taxes after adjustments and nonrefundable credits. Subtract line 11d from line 10	12	<input type="text"/>
13a	Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, or 944-X (SP) filed in the current quarter	13a	<input type="text"/>
13b	Deferred amount of social security tax	13b	<input type="text"/>
13c	Refundable portion of credit for qualified sick and family leave wages from Worksheet 1	13c	<input type="text"/>
13d	Refundable portion of employee retention credit from Worksheet 1	13d	<input type="text"/>
13e	Total deposits, deferrals, and refundable credits. Add lines 13a, 13b, 13c, and 13d	13e	<input type="text"/>
13f	Total advances received from filing Form(s) 7200 for the quarter	13f	<input type="text"/>
13g	Total deposits, deferrals, and refundable credits less advances. Subtract line 13f from line 13e	13g	<input type="text"/>
14	Balance due. If line 12 is more than line 13g, enter the difference and see instructions	14	<input type="text"/>
15	Overpayment. If line 13g is more than line 12, enter the difference	<input type="text"/>	Check one: <input type="checkbox"/> Apply to next return. <input type="checkbox"/> Send a refund.

Part 2: Tell us about your deposit schedule and tax liability for this quarter.

If you're unsure about whether you're a monthly schedule depositor or a semiweekly schedule depositor, see section 11 of Pub. 15.

16	Check one: <input type="checkbox"/> Line 12 on this return is less than \$2,500 or line 12 on the return for the prior quarter was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter. If line 12 for the prior quarter was less than \$2,500 but line 12 on this return 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 below; if you're a semiweekly schedule depositor, attach Schedule B (Form 941). Go to Part 3.
<input type="checkbox"/>	You were a monthly schedule depositor for the entire quarter. Enter your tax liability for each month and total liability for the quarter, then go to Part 3.
Tax liability: Month 1 <input type="text"/>	
Month 2 <input type="text"/>	
Month 3 <input type="text"/>	
Total liability for quarter <input type="text"/> Total must equal line 12.	
<input type="checkbox"/>	You were a semiweekly schedule depositor for any part of this quarter. Complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941. Go to Part 3.

▶ You MUST complete all three pages of Form 941 and SIGN it.

Page 2

Next

Form 941 (Rev. 7-2020)



QUARTERLY TAX REPORTING-FORM 941 Q2 AND BEYOND

Name (not your trade name)		Employer identification number (EIN)	
Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.			
17 If your business has closed or you stopped paying wages		<input type="checkbox"/> Check here, and enter the final date you paid wages <input type="text"/> / <input type="text"/> / <input type="text"/> ; also attach a statement to your return. See instructions.	
18 If you're a seasonal employer and you don't have to file a return for every quarter of the year		<input type="checkbox"/> Check here.	
19 Qualified health plan expenses allocable to qualified sick leave wages		19 <input type="text"/> *	
20 Qualified health plan expenses allocable to qualified family leave wages		20 <input type="text"/> *	
21 Qualified wages for the employee retention credit		21 <input type="text"/> *	
22 Qualified health plan expenses allocable to wages reported on line 21		22 <input type="text"/> *	
23 Credit from Form 5884-C, line 11, for this quarter		23 <input type="text"/> *	
24 Deferred amount of the employee share of social security tax included on line 13b		24 <input type="text"/> *	
25 Reserved for future use		25 <input type="text"/> *	
Part 4: May we speak with your third-party designee?			
Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.			
<input type="checkbox"/> Yes. Designee's name and phone number <input type="text"/> <input type="text"/>			
Select a 5-digit personal identification number (PIN) to use when talking to the IRS. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>			
<input type="checkbox"/> No.			
Part 5: Sign here. You MUST complete all three pages of Form 941 and SIGN it.			
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
<div style="display: flex; align-items: center;"><div style="font-size: 2em; margin-right: 10px;">X</div><div>Sign your name here <input style="width: 150px; height: 30px;" type="text"/> Date <input style="width: 50px;" type="text"/> / <input style="width: 50px;" type="text"/> / <input style="width: 50px;" type="text"/></div></div>		<div style="display: flex; flex-direction: column;"><div>Print your name here <input style="width: 100px;" type="text"/></div><div>Print your title here <input style="width: 100px;" type="text"/></div><div>Best daytime phone <input style="width: 100px;" type="text"/></div></div>	
Paid Preparer Use Only			
Preparer's name <input style="width: 150px;" type="text"/>		Check if you're self-employed <input type="checkbox"/>	
Preparer's signature <input style="width: 150px;" type="text"/>		PTIN <input style="width: 50px;" type="text"/>	
Firm's name (or yours if self-employed) <input style="width: 150px;" type="text"/>		Date <input style="width: 50px;" type="text"/> / <input style="width: 50px;" type="text"/> / <input style="width: 50px;" type="text"/>	
Address <input style="width: 150px;" type="text"/>		EIN <input style="width: 50px;" type="text"/>	
City <input style="width: 100px;" type="text"/> State <input style="width: 30px;" type="text"/>		Phone <input style="width: 50px;" type="text"/>	
		ZIP code <input style="width: 50px;" type="text"/>	



FORM 7200

7200 Form (March 2020) Department of the Treasury Internal Revenue Service		Advance Payment of Employer Credits Due to COVID-19 OMB No. 1545-0029 ▶ Go to www.irs.gov/Form7200 for instructions and the latest information.
Name (not your trade name)		Employer identification number (EIN)
Trade name (if any)		Applicable calendar quarter (check one) (2) <input type="checkbox"/> April, May, June (3) <input type="checkbox"/> July, August, September (4) <input type="checkbox"/> October, November, December
Number, street, and apt. or suite no. If a P.O. box, see instructions.		
City or town, state, and ZIP code. If a foreign address, also complete spaces below. (See instructions.)		
Foreign country name	Foreign province/county	Foreign postal code
Does a third-party payer file your employment tax return? (See instructions.) If "Yes," enter its name.		Third-party payer's EIN (if applicable)

Tip: File Form 7200 if you can't reduce your employment tax deposits to fully account for these credits that you expect to claim on your employment tax return for the applicable quarter. Don't reduce your employment tax deposits and request advanced credits for the same expected credits. You will need to reconcile your advanced credits and reduced deposits on your employment tax return. You can't request an advance payment of the credit for sick and family leave for self-employed individuals.

Part I Tell Us About Your Employment Tax Return

- A** Check the box to indicate which employment tax return form you file (or will file for 2020):
(1) ☐ 941, 941-PR, or 941-SS (2) ☐ 943 or 943-PR (3) ☐ 944 or 944(SP) (4) ☐ CT-1
- B** Is this a new business started on or after January 1, 2020? ☐ Yes ☐ No
If "Yes," skip line C unless you've already filed Form 941, Form 941-PR, or Form 941-SS for at least one quarter of 2020.
- C** Amount reported on line 2 of your most recently filed Form 941 (or wages reported on Schedule R (Form 941), column (c), by your third-party payer (see instructions)). If you file a different employment tax return, see instructions.
- D** Enter the total number of employees you have. See instructions.

Part II Enter Your Credits and Advance Requested

- | | | |
|---|--|---|
| 1 | Total employee retention credit for the quarter. See instructions | 1 |
| 2 | Total qualified sick leave wages eligible for the credit and paid this quarter. See instructions | 2 |
| 3 | Total qualified family leave wages eligible for the credit and paid this quarter. See instructions | 3 |
| 4 | Add lines 1, 2, and 3 | 4 |
| 5 | Total amount by which you have already reduced your federal employment tax deposits for this quarter | 5 |
| 6 | Total advanced credits requested on previous filings of this form for this quarter | 6 |
| 7 | Add lines 5 and 6 | 7 |
| 8 | Advance requested. Subtract line 7 from line 4. If zero or less, don't file this form. | 8 |

Third-Party Designee

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details. ☐ Yes. Complete below. ☐ No

Designee's name ▶ and phone number ▶
Select a 5-digit personal identification number (PIN) to use when talking to the IRS ▶

Under penalties of perjury, I declare that I have examined this form, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here

Your signature Date Printed title
Printed name Best daytime phone

Paid Preparer Use Only

Print/Type preparer's name Preparer's signature Date PTIN Check ☐ if self-employed
Firm's name ▶ Firm's EIN ▶
Firm's address ▶ Phone no. ▶

How To File

Fax your completed form to 855-248-0552.

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 56392D

Form 7200 (3-2020)

7200 Form (Rev. January 2021) Department of the Treasury Internal Revenue Service		Advance Payment of Employer Credits Due to COVID-19 OMB No. 1545-0029 ▶ Go to www.irs.gov/Form7200 for instructions and the latest information.
Name (not your trade name)		Employer identification number (EIN)
Trade name (if any)		Applicable calendar quarter in 2021 (check only one box) Caution: See instructions before completing to determine if the credits and advance are available for the applicable quarter in 2021.
Number, street, and apt. or suite no. If a P.O. box, see instructions.		
City or town, state, and ZIP code. If a foreign address, also complete spaces below. (See instructions.)		
Foreign country name	Foreign province/county	Foreign postal code
Name on employment tax return (third-party payer) that will report the wages and credits related to the advance you're requesting in Part II (leave blank if return is filed under your name and EIN). See instructions.		EIN on employment tax return (if other than your own)

Tip: File Form 7200 if you can't reduce your employment tax deposits to fully account for these credits that you expect to claim on your employment tax return for the applicable quarter, or year if you file an annual return. Don't reduce your employment tax deposits and request advanced credits for the same expected credits. You will need to reconcile your advanced credits and reduced deposits on your employment tax return. You can't request an advance payment of the credit for sick and family leave for self-employed individuals.

Part I Tell Us About Your Employment Tax Return

- A** Check the box to indicate which employment tax return form you file (or will file for 2021). Check only one box.
(1) ☐ 941, 941-PR, or 941-SS (2) ☐ 943 or 943-PR (3) ☐ 944 or 944(SP) (4) ☐ CT-1
- B** Is this a business that started on or after January 1, 2020? You must check one box. ☐ Yes ☐ No
- C** Amount reported on line 2 of your most recently filed Form 941 (or wages reported on Schedule R (Form 941), column (d), by your third-party payer (see instructions)). If you file a different employment tax return or have never filed one, see instructions.
- D** Tax period of most recently filed Form 941 (for example, "Q4 2020") or annual employment tax return (for example, "2020")
- E** If you're requesting an advance payment of the employee retention credit (Part II, line 1), enter the average number of full-time employees you had in 2019 (or 2020 if your business wasn't in existence in 2019). Aggregation rules apply. See instructions.
- F** If you're requesting an advance payment for qualified sick and/or family leave wages (Part II, lines 2 and/or 3), enter the number of employees you had when qualified leave was taken during the quarter for the advance requested. See instructions.

Part II Enter Your Credits and Advance Requested

- | | | |
|---|---|---|
| 1 | Total employee retention credit for the quarter. Don't enter more than the amount eligible to be advanced for the quarter. See instructions | 1 |
| 2 | Total qualified sick leave wages eligible for the credit and paid this quarter. See instructions | 2 |
| 3 | Total qualified family leave wages eligible for the credit and paid this quarter. See instructions | 3 |
| 4 | Add lines 1, 2, and 3 | 4 |
| 5 | Total amount by which you have already reduced your federal employment tax deposits for this quarter. Enter as a positive number | 5 |
| 6 | Total advanced credits requested on previous filings of this form for this quarter | 6 |
| 7 | Add lines 5 and 6 | 7 |
| 8 | Advance requested. Subtract line 7 from line 4. If zero or less, don't file this form. | 8 |

Third-Party Designee

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details. ☐ Yes. Complete below. ☐ No

Designee's name ▶ and phone number ▶
Select a 5-digit personal identification number (PIN) to use when talking to the IRS ▶

Under penalties of perjury, I declare that I have examined this form, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here

Your signature Date Printed title
Printed name Best daytime phone

Paid Preparer Use Only

Print/Type preparer's name Preparer's signature Date PTIN Check ☐ if self-employed
Firm's name ▶ Firm's EIN ▶
Firm's address ▶ Phone no. ▶

How To File

Fax your completed form to 855-248-0552.

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 56392D

Form 7200 (Rev. 1-2021)

WORKSHEET 1

Worksheet 1. Credit for Qualified Sick and Family Leave Wages and the Employee Retention Credit

Keep for Your Records



Determine how you will complete this worksheet

If you paid both qualified sick and family leave wages and qualified wages for purposes of the employee retention credit this quarter, complete Step 1, Step 2, and Step 3. If you paid qualified sick and family leave wages this quarter but you didn't pay any qualified wages for purposes of the employee retention credit this quarter, complete Step 1 and Step 2. If you paid qualified wages for purposes of the employee retention credit this quarter but you didn't pay any qualified sick and family leave wages this quarter, complete Step 1 and Step 3.

Step 1.		Determine the employer share of social security tax this quarter after it is reduced by any credit claimed on Form 8974 and any credit to be claimed on Form 5884-C.	
1a	Enter the amount of social security tax from Form 941, Part 1, line 5a, column 2	1a	_____
1b	Enter the amount of social security tax from Form 941, Part 1, line 5b, column 2	1b	_____
1c	Add lines 1a and 1b	1c	_____
1d	Multiply line 1c by 50% (0.50)	1d	_____
1e	If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of social security tax included on Form 941, Part 1, line 8 (enter as a positive number)	1e	_____
1f	Subtract line 1e from line 1d	1f	_____
1g	If you received a Section 3121(g) Notice and Demand during the quarter, enter the amount of the employer share of social security tax from the notice	1g	_____
1h	Employer share of social security tax. Add lines 1f and 1g	1h	_____
1i	Enter the amount from Form 941, Part 1, line 11a (credit from Form 8974)	1i	_____
1j	Enter the amount to be claimed on Form 5884-C, line 11, for this quarter	1j	_____
1k	Total nonrefundable credits already used against the employer share of social security tax. Add lines 1i and 1j	1k	_____
1l	Employer share of social security tax remaining. Subtract line 1k from line 1h	1l	_____
Step 2.		Figure the sick and family leave credit	
2a	Qualified sick leave wages reported on Form 941, Part 1, line 5a(i), column 1	2a	_____
2a(i)	Qualified sick leave wages included on Form 941, Part 1, line 5c, but not included on Form 941, Part 1, line 5a(i), column 1, because the wages reported on that line were limited by the social security wage base	2a(i)	_____
2a(ii)	Total qualified sick leave wages. Add lines 2a and 2a(i)	2a(ii)	_____
2b	Qualified health plan expenses allocable to qualified sick leave wages (Form 941, Part 3, line 19)	2b	_____
2c	Employer share of Medicare tax on qualified sick leave wages. Multiply line 2a(ii) by 1.45% (0.0145)	2c	_____
2d	Credit for qualified sick leave wages. Add lines 2a(ii), 2b, and 2c	2d	_____
2e	Qualified family leave wages reported on Form 941, Part 1, line 5a(ii), column 1	2e	_____
2e(i)	Qualified family leave wages included on Form 941, Part 1, line 5c, but not included on Form 941, Part 1, line 5a(ii), column 1, because the wages reported on that line were limited by the social security wage base	2e(i)	_____
2e(ii)	Total qualified family leave wages. Add lines 2e and 2e(i)	2e(ii)	_____
2f	Qualified health plan expenses allocable to qualified family leave wages (Form 941, Part 3, line 20)	2f	_____
2g	Employer share of Medicare tax on qualified family leave wages. Multiply line 2e(ii) by 1.45% (0.0145)	2g	_____
2h	Credit for qualified family leave wages. Add lines 2e(ii), 2f, and 2g	2h	_____
2i	Credit for qualified sick and family leave wages. Add lines 2d and 2h	2i	_____
2j	Nonrefundable portion of credit for qualified sick and family leave wages. Enter the smaller of line 1l or line 2i. Enter this amount on Form 941, Part 1, line 11b	2j	_____
2k	Refundable portion of credit for qualified sick and family leave wages. Subtract line 2j from line 2i and enter this amount on Form 941, Part 1, line 13c	2k	_____
Step 3.		Figure the employee retention credit	
3a	Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 941, Part 3, line 21)	3a	_____
3b	Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941, Part 3, line 22)	3b	_____
3c	Add lines 3a and 3b	3c	_____
3d	Retention credit. Multiply line 3c by 50% (0.50)	3d	_____
3e	Enter the amount of the employer share of social security tax from Step 1, line 1l	3e	_____
3f	Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages from Step 2, line 2j	3f	_____
3g	Subtract line 3f from line 3e	3g	_____
3h	Nonrefundable portion of employee retention credit. Enter the smaller of line 3d or line 3g. Enter this amount on Form 941, Part 1, line 11c	3h	_____
3i	Refundable portion of employee retention credit. Subtract line 3h from line 3d and enter this amount on Form 941, Part 1, line 13d	3i	_____



SCHEDULE B REQUIREMENTS

- Semiweekly depositors **must** complete the Schedule B (Form 941) and submit it with the Form 941. **Do not** use Schedule B (Form 941) if the employer is a monthly depositor.
- Employers that triggered the one day deposit rule because liability went over \$100,000 must complete the Schedule B.
- Total liability for the quarter should equal line 10 of the Form 941.
- Report taxes on day that wages were payable to the employee not the day deposits were paid to the IRS.
- The IRS will impose penalties for late deposits if amounts that are showed on Schedule B are not paid according to the correct schedule. (See next slide for IRS deposit schedule)



SCHEDULE B REQUIREMENTS

■ Deposit Schedule

- Prior to the beginning of each calendar year, employers must determine which of the two deposit schedules is required.
- The deposit schedule that an employer should use is based on the total tax liability reported on IRS Form 941 during a four-quarter “lookback period” (discussed below). An employer’s deposit schedule is not determined by how often they pay employees or make deposits.
- An employer’s deposit schedule for a calendar year is determined from the total taxes (not reduced by any advance earned income credit payments) reported on Form 941 (line 11) in a four-quarter lookback period:
 - If \$50,000 or less of taxes for the lookback period were reported, the employer is a monthly depositor.
 - If more than \$50,000 of taxes were reported for the lookback period, the employer is a semiweekly depositor.
- The lookback period begins July 1 and ends June 30 as shown in Table 1 below. These four quarters are the employer's lookback period even if they did not report any taxes for any of the quarters.

■ Lookback Period For Calendar Year 2019

3rd quarter 2017 – Jul 1 – Sept 30

4th quarter 2017 – Oct 1 – Dec 31

1st quarter 2018 – Jan 1 – Mar 31

2nd quarter 2018 – Apr 1 –Jun 30



SCHEDULE B REQUIREMENTS

- Monthly Depositor
 - Deposit by the 15th of the following month
- Semiweekly Depositor

PAYMENT/LIABILITY DAYS	DEPOSIT BY
Wednesday, Thursday, Friday	Following Wednesday
Saturday, Sunday, Monday, Tuesday	Following Friday

- One-Day Depositor
 - If an employer accumulates a tax liability of \$100,000 or more on any day during a deposit period, they must deposit the taxes due by the close of the next banking day, whether the employer is a monthly or semiweekly depositor.
 - Deposits are due on banking days only if a liability falls on a non-banking day the funds are due the next banking day.



QUARTERLY TAX REPORTING-FORM 941

SCHEDULE B

Schedule B (Form 941):

Report of Tax Liability for Semiweekly Schedule Depositors

(Rev. January 2014)

Department of the Treasury — Internal Revenue Service

960311

OMB No. 1545-0029

Employer identification number (EIN) -

Name (not your trade name)

Calendar year (Also check quarter)

Report for this Quarter... (Check one)

- ☐ 1: January, February, March
☐ 2: April, May, June
☐ 3: July, August, September
☐ 4: October, November, December

Use this schedule to show your TAX LIABILITY for the quarter; DO NOT use it to show your deposits. When you file this form with Form 941 or Form 941-SS, DO NOT change your tax liability by adjustments reported on any Forms 941-X or 944-X. You must fill out this form and attach it to Form 941 or Form 941-SS if you are a semiweekly schedule depositor or became one because your accumulated tax liability on any day was \$100,000 or more. Write your daily tax liability on the numbered space that corresponds to the date wages were paid. See Section 11 in Pub. 15 (Circular E), Employer's Tax Guide, for details.

Month 1				Tax liability for Month 1
1	9	17	25	<input type="text"/>
2	10	18	26	
3	11	19	27	
4	12	20	28	
5	13	21	29	
6	14	22	30	
7	15	23	31	
8	16	24		
Month 2				Tax liability for Month 2
1	9	17	25	<input type="text"/>
2	10	18	26	
3	11	19	27	
4	12	20	28	
5	13	21	29	
6	14	22	30	
7	15	23	31	
8	16	24		
Month 3				Tax liability for Month 3
1	9	17	25	<input type="text"/>
2	10	18	26	
3	11	19	27	
4	12	20	28	
5	13	21	29	
6	14	22	30	
7	15	23	31	
8	16	24		
Fill in your total liability for the quarter (Month 1 + Month 2 + Month 3) ▶				Total liability for the quarter
Total must equal line 10 on Form 941 or Form 941-SS.				<input type="text"/>

For Paperwork Reduction Act Notice, see separate instructions.

IRS.gov/form941

Cat. No. 11967Q

Schedule B (Form 941) (Rev. 1-2014)



RECONCILIATION OF THE FORM 941 AND THE W-2

- When there are discrepancies between Forms 941 filed with the IRS and Forms W-2 and W-3 filed with the SSA, the IRS must contact the employer to resolve the discrepancies.
- All 4 quarter 941's should be totaled and equal Form W-3.
- To help reduce discrepancies:
- Report bonuses as wages and as social security and Medicare wages on Forms W-2 and 941,
- Report both social security and Medicare wages and taxes separately on Forms W-2, W-3, and 941,
- Report employee portion of social security taxes on Form W-2 in the Box for social security tax withheld (Box 4), not as social security wages,
- Report employee portion of Medicare taxes on Form W-2 in the Box for Medicare tax withheld (Box 6), not as Medicare wages



RECONCILIATION OF THE FORM 941 AND THE W-2

- To help reduce discrepancies:
 - Make sure the social security wage amount for each employee does not exceed the annual social security wage base limit (\$137,700 for 2020 and \$142,800 for 2021)
 - Do not report noncash wages that are not subject to social security or Medicare taxes as social security or Medicare wages,
 - If an EIN is used on any Form 941 for the year that is different from the EIN reported on Form W-3, enter the other EIN on Form W-3 in the Box for “Other EIN used this year,”
 - Be sure that the amounts on Form W-3 are the total of amounts from Forms W-2, and
 - Reconcile Form W-3 with the four quarterly Forms 941 by comparing amounts reported for:
 - Federal income tax withholding
 - Social security wages, social security tips, and Medicare wages and tips. Form W-3 should include Form 941 adjustments only for the current year (that is, if the Form 941 adjustments include amounts for a prior year, do not report those prior year adjustments on the current-year Forms W-2 and W-3)
 - Social security and Medicare taxes. The amounts shown on the four quarterly Forms 941, including current-year adjustments should be approximately twice the amounts shown on Form W-3. This is because Form 941 includes both the employer and employee portions of social security and Medicare taxes



RECONCILIATION OF THE FORM 941 AND THE W-2

- Do not report on Form 941 backup withholding or federal income tax withholding on non-payroll payments such as pensions, annuities, and gambling winnings. Non-payroll withholding must be reported on Form 945, Annual Return of Withheld Federal Income Tax. See the separate Instructions for Form 945 for details.
- Federal income tax withholding required to be reported on Forms 1099 or W-2G must be reported on Form 945. Only taxes and withholding properly reported on Form W-2 should be reported on Form 941.
- Amounts reported on Forms W-2, W-3, and 941 may not match for valid reasons. If they do not match, the employer should determine that the reasons are valid. Retain the reconciliation so that a record exists of why amounts did not match in case there are inquiries from the IRS or the SSA.
- See the Instructions for Schedule D (Form 941) if there is a need to explain any discrepancies that were caused by an acquisition, statutory merger, or consolidation.



FORM 941X BASICS

- If an error is made on a submitted Form 941, it must be corrected. The correction is reported on Form 941-X.
- The Form 941-X is used to report a correction of underreported and overreported amounts for the same tax period on a single Form 941-X. If an employer is requesting a refund or abatement and reporting a correction for both underreported and overreported amounts, file one Form 941-X correcting the underreported amounts only and a second Form 941-X correcting the overreported amounts.
- Do not use Form 941-X to report corrections to Forms CT-1, 943, 944, 944-SS or Form 945. Each of these Forms has a corresponding Form X (CT-1 X, 943-X, 944-X and 945-X).



FORM 941X BASICS

- The purpose of Form 941-X is to correct errors previously reported on Form 941. Employers should use Form 941-X to correct previously reported:
 - Wages, tips, and other compensation
 - Income tax withheld from wages, tips and other compensation
 - Taxable social security wages
 - Taxable social security tips
 - Taxable Medicare wages and tips
 - COVID-19 Credits and Deferrals
- If an employer did not file a Form 941 for one or more quarters, then Form 941-X is not used. Instead, the employer should file Form 941 for each applicable quarter.



FORM 941X BASICS

- Following the guidelines below when completing Form 941-X will assist the IRS in processing Form 941-X timely and accurately:
 - Type or print all entries
 - Use courier font if possible for all typed or computer-generated entries
 - Do not enter dollar signs. Commas and decimal points may be used. Enter dollar amounts to the left of any preprinted decimal point and cents to the right
 - Always show an amount for cents. Do not round entries to whole dollars
 - Complete all three pages of the Form and sign the Form on page 3
 - Staple multiple sheets in the upper-left corner



DEADLINES FOR FILING FORM 941X

- Form 941-X should be used to correct previously reported errors as soon as the error is discovered. However, if the only error on Form 941 relates to the number of employees reported or to federal tax liabilities reported in Part 2 of Form 941 or on Schedule B, do not file Form 941-X. (See the instructions for Schedule B to report errors previously report on Schedule B).
- If the error being reported is for underreported taxes, Form 941-X must be filed by the due date of the return for the period in which the error was discovered and the amount due must be paid when the Form 941-X is filed.



DEADLINES FOR FILING FORM 941X

- If the error being reported is for overreported taxes, and the employer chooses to have the overpayment applied as a credit to Form 941, file Form 941-X as soon as the error is discovered but more than 90 days before the period of limitations on credit or refund for Form 941 expires
- If the error being reported is for overreported taxes, and the employer chooses to file a claim for refund or abatement, file Form 941-X anytime before the period of limitations on credit or refund for Form 941 expires



DEADLINES FOR FILING FORM 941X

If the error is discovered in:	Form 941X is due:
January, February or March	April 30
April, May or June	July 31
July, August or September	October 31
October, November, or December	January 31

* If the due date falls on a Saturday, Sunday or federal holiday, the due date is the next business day.



DEADLINES FOR FILING FORM 941X

- Generally, overreported taxes on a previously filed Form 941 may be corrected by filing Form 941-X within three years of the date Form 941 was filed or two years from the date the tax was paid on the reported Form 941, whichever is later.
- Underreported taxes on a previously reported Form 941 may be corrected by filing Form 941-X within three years of the date the Form 941 was filed.
- The IRS defines this as “period of limitations.” For purposes of the period of limitations, Forms 941 for a calendar year are considered filed on April 15 of the succeeding year if filed before that date.



FORM 941X LINE BY LINE REVIEW

- EIN, Name, and Address

- Enter the company's EIN, name, and address in the spaces provided. Also enter the company name and EIN on the top of pages 2 and 3, and on any attachments. If the company's address has changed since Form 941 was filed, enter the corrected information and the IRS will update the company's address of record.

- Return That is Being Corrected

- In the box at the top of page 1 of Form 941-X, check the type of return (Form 941 or Form 941-SS) that is being corrected. Check the appropriate box for the **one** quarter being corrected. Enter the calendar year of the Form 941 being corrected. Enter the quarter and calendar year on pages 2 and 3, and any attachments.

- Enter the Date Errors are Discovered

- The date the error was discovered must be entered. If several errors are being reported that were discovered at different times, enter the earliest date an error was discovered. On Line 20 report any subsequent dates and related errors.



FORM 941X LINE BY LINE REVIEW

- An Entry Must be Made on Each Line
 - All of the information requested must be provided at the top of page 1 of Form 941-X. One box must be checked (but not both) in Part 1. Check the box on Line 3 and any applicable boxes on Lines 4 and 5. In Part 3, if any line does not apply, leave it blank. Complete Parts 4 and 5 as instructed.
- How Should Negative Amounts be Reported
 - Form 941-X uses negative numbers to show reductions in tax (credits) and positive numbers to show additional tax (amounts owed). When reporting a negative amount in columns 3 and 4, use a minus sign instead of parentheses.
 - For example, enter -10.59 instead of (10.59). However, if you are completing the return on a computer and the software only allows parentheses to be used to report negative amounts, use parentheses.



FORM 941X LINE BY LINE REVIEW

- Part 1 of Form 941-X

- **Option 1: Adjusted Employment Tax Return**

- Check the box on Line 1 if the correction is for underreported amounts or overreported amounts and the employer would like to use the adjustment process to correct the errors. If both underreported and overreported amounts are being corrected, this box must be checked. By checking the box, any negative amount reported on Line 27 will be applied as a credit to Form 941 for the period in which the 941-X is being filed.
- If the employer owes tax, pay the amount due on Line 27 when filing Form 941-X. Generally interest will not be charged if Form 941-X is filed on time. Enter the date the error was discovered.
- If the employer has a credit due to overreporting federal employment taxes (a negative amount on Line 27) and the employer wants the IRS to apply the credit to Form 941 for the period in which Form 941-X is filed, the IRS will apply the credit on the first day of the Form 941 period during which the 941-X is filed.
- DO NOT check the box on Line 1 if correcting overreported amounts and the period of limitations on credit or refund for Form 941 has expired or will expire within 90 days of the date Form 941-X is filed. Instead, check the box on Line 2.



FORM 941X LINE BY LINE REVIEW

- Part 1 of Form 941-X
- **Option 2: Claim**
 - Check the box on Line 2 to use the claim process if correcting overreported amounts only and are claiming a refund or abatement for the negative amount reported on Line 27. Do not check the box if correcting any underreported amounts on this Form 941-X.
 - Employers must check this box on Line 2 if they have a credit and the period of limitations for the credit or refund for Form 941 will expire within 90 days of the dated Form 941-X is filed.
 - Enter the date the error was discovered.
 - Unless the IRS corrects Form 941-X during the process or the employer owes other taxes, penalties or interest, the IRS will refund the amount reported on Line 27, plus any interest that applies.



FORM 941X LINE BY LINE REVIEW

- **Part 2 of Form 941-X**

- Employers must complete all certifications that apply by checking the appropriate boxes. If what is being corrected only relates to underreported amounts, complete Line 3 only. If corrections relate to overreported amounts, the employer has a duty to assure that all employees' rights to recover overpaid employee social security and Medicare taxes that were withheld are protected. The certifications on Lines 4 and 5 addresses the requirement to:
 - Repay or reimburse employees for the over collection of employee social security and Medicare taxes
 - Obtain consents from employees to file a claim on their behalf



FORM 941X LINE BY LINE REVIEW

- **Part 2 of Form 941-X**
- **Line 3: Filing Forms W-2 or Forms W-2c**
 - Check the box on Line 3 to certify that the employer filed or will file Forms W-2 or W-2c as required.
- **Lines 4a, 4b and 4c: Certifying Overreporting Adjustments**
 - If Line 1 was checked because the employer is adjusting underreported amounts, proceed to Part 3, skip Lines 4 and 5.
 - If Line 1 was checked because the correction is adjusting overreported amounts, check all the boxes that apply (4a through 4c). At least one box must be checked.
- **Lines 5a, 5b, 5c and 5d: Certifying Claims**
 - If Line 2 was checked because the correction is adjusting overreported taxes and a refund or abatement is being requested, check all the boxes that apply (5a through 5d). At least one box must be checked.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**

- **Line 6: Wages, Tips and Other Compensation**

- If correcting the wages, tips, and other compensation that was reported on Line 2 of Form 941, enter the total corrected amount for ALL employees in column 1. In column 2, enter the amount originally reported. In column 3, enter the difference between columns 1 and 2. This line does not apply to Form 941-SS.
 - $\text{Line 6 (column 1)} - \text{Line 6 (column 2)} = \text{Line 6 (column 3)}$
 - If the amount in column 2 is greater than the amount in column 1, enter a minus sign in column 3.
 - If the employer or the IRS previously corrected the amount reported on Line 2 of Form 941, enter in column 2 the amount after any previous corrections.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**

- **Line 7: Federal Income Tax Withheld from Wages, Tips and Other Compensation**

- If correcting the federal income tax withheld from wages, tips, and other compensation reported on Line 3 of Form 941, enter the total corrected amount in column 1. In column 2, enter the amount originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. This line does not apply to Form 941-SS.
 - $\text{Line 7 (column 1)} - \text{Line 7 (column 2)} = \text{Line 7 (column 3)}$
 - If the amount in column 2 is greater than the amount in column 1, enter a minus sign in column 3.
 - Copy the amount in column 3 to column 4. Include any minus sign shown in column 3. Be sure to explain the reasons for this correction on Line 23.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**

- **Line 8: Taxable Social Security Wages**

- If correcting the taxable social security wages reported on Line 5a, Column 1 of Form 941, enter the total corrected amount in column 1. In column 2, enter the amount originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.
- $\text{Line 8 (column 1)} - \text{Line 8 (column 2)} = \text{Line 8 (column 3)}$
- If the amount in column 2 is greater than the amount in column 1, enter a minus sign in column 3.
- Multiply the amount in column 3 by .124 (12.4% tax rate) and enter that result in column 4.
- $\text{Line 8 (column 3)} \times .124 = \text{Line 8 (column 4)}$
- If the amount in column 3 used a minus sign, also use a minus sign in column 4.
- If correcting only the employer share of tax on a decrease to social security wages, use .062 (6.2%) when multiplying the amount reported in column 3. If correcting both shares of tax for some employees and only the employer share for other employees, enter the properly calculated amount in column 4. Be sure to show the calculations on Line 23.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**

- **Line 9: Qualified Sick Leave Wages**

- Qualified sick leave wages aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062).
- If you're correcting the qualified sick leave wages you reported on Form 941, line 5a(i), column 1, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2. line 9 (column 1)

- **Line 10: Qualified Family Leave Wages**

- Qualified family leave wages aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062).
- If you're correcting the qualified family leave wages you reported on Form 941, line 5a(ii), column 1, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**

- **Line 11: Taxable Social Security Tips**

- If correcting the taxable social security tips reported on Line 5b, Column 1 of Form 941, enter the total corrected amount in column 1. In column 2, enter the amount originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

- **Line 12: Taxable Medicare Wages and Tips**

- If correcting the taxable Medicare wages and tips you reported on Line 5c, Column 1 of Form 941, enter the total corrected amount in column 1. In column 2, enter the amount originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.
- $\text{Line 12 (column 1)} - \text{Line 12 (column 2)} = \text{Line 12 (column 3)}$
- If the amount in column 2 is greater than the amount in column 1, enter a minus sign in column 3.
- Multiply the amount in column 3 by .029 (2.9% tax rate) and enter that result in column 4.
- $\text{Line 10 (column 3)} \times .029 = \text{Line 10 (column 4)}$
- If the amount in column 3 used a minus sign, also use a minus sign in column 4.
- If correcting only the employer share of tax on a decrease to Medicare wages, use .0145 (1.45%) when multiplying the amount reported in column 3. If correcting both shares of tax for some employees and only the employer share for other employees, enter the properly calculated amount in column 4.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**
- **Line 13 Taxable wages & tips subject to Additional Medicare Tax withholding**
 - Line 13 should show taxable amounts over the \$200,000 in Medicare taxable earnings that are taxed at the additional rate of .9%.
 - If correcting the additional taxable Medicare wages and tips you reported on Line 5c, Column 1 of Form 941, enter the total corrected amount in column 1. In column 2, enter the amount originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.
 - $\text{Line 13 (column 1)} - \text{Line 13 (column 2)} = \text{Line 13 (column 3)}$
 - If the amount in column 2 is greater than the amount in column 1, enter a minus sign in column 3.
 - Multiply the amount in column 3 by .009 (.09% tax rate) and enter that result in column 4.
 - $\text{Line 13 (column 3)} \times .09 = \text{Line 13 (column 4)}$
 - If the amount in column 3 used a minus sign, also use a minus sign in column 4.
- **Line 14: Section 3121(Q) Notice And Demand—Tax Due On Unreported Tips**
 - Line 14 should show the amounts reported on line 14 and amounts reported on line 5f for tax due from the Section 3121 (q) notice and demand.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**

- **Line 15 Tax Adjustments**

- Use line 15 to correct any adjustments reported on Form 941, lines 7–9. Enter in column 1 the total corrected amount for Form 941, lines 7–9.

- **Line 16 Qualified Small Business Payroll Tax Credit for Increasing Research Activities**

- If you're correcting the qualified small business payroll tax credit for increasing research activities that you reported on Form 941, line 11a (line 11 for quarters beginning before April 1, 2020), enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**
- **Line 17 Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages.**
 - *Refundable and Nonrefundable terms meaning the term “nonrefundable” to mean the portion of the credit which is limited by law to the amount of the employer share of social security tax. The term “refundable” to mean the portion of the credit which is in excess of the employer share of social security tax.*
 - If you're correcting the nonrefundable portion of the credit for qualified sick and family leave wages that you reported on Form 941, line 11b, enter the total corrected amount from Worksheet 1, Step 2, line 2j, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**

- **Line 18 Nonrefundable Portion of Employer Retention Credit**

- If you're correcting the nonrefundable portion of the employee retention credit that you reported on Form 941, line 11c, enter the total corrected amount from Worksheet 1, Step 3, line 3j, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

- **Line 19-22 Special Additions to Wages for Federal Income Tax, Social Security Taxes, Medicare Taxes, and Additional Medicare Tax**

- Section 3509 provides special rates for the employee share of federal income tax, social security tax, Medicare tax, and Additional Medicare Tax withholding when workers are reclassified as employees in certain circumstances. The applicable rate depends on whether you filed required information returns. An employer can't recover any tax paid under this provision from the employees. The full employer share of social security tax and Medicare tax is due for all reclassifications.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**
- **Line 23 Subtotal**
 - Combine the amounts from column 4 on lines 7–22 and enter the result on line 23.
- **Line 24 Deferred Amount of the Employer Share of Social Security Tax**
 - If you're correcting the deferred amount of the employer share of social security tax that you reported on Form 941, line 13b, enter the total corrected amount in column 1. In column 2, enter the amount you originally reported or as previously corrected by you or the IRS. In column 3, enter the difference between columns 1 and 2.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**

- **Line 25 Refundable Portion of Credit for Qualified Sick and Family Leave Wages**

- If you're correcting the refundable portion of the credit for qualified sick and family leave wages that you reported on Form 941, line 13c, enter the total corrected amount from Worksheet 1, Step 2, line 2k, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

- **Line 26 Refundable Portion Employer Retention Credit**

- If you're correcting the refundable portion of the employee retention credit that you reported on Form 941, line 13d, enter the total corrected amount from Worksheet 1, Step 3, line 3k, in column 1. In column 2, enter the amount you originally reported or as previously corrected. In column 3, enter the difference between columns 1 and 2.

- **Corrections to Form 941, Line 13f**

- *Form 941-X doesn't include a line to correct amounts reported on Form 941, line 13f, for the total advances received from filing Form(s) 7200 for the quarter. If a discrepancy exists between the amount reported on Form 941 and the amount of advance payments issued, the IRS will generally correct the amount reported on Form 941, line 13f, to match the amount of advance payments issued. However, aggregate filers may need to correct the amount reported on Form 941, line 13f, to reflect the correct advance payments received by their clients or customers. If you're an aggregate filer that needs to correct the amount reported on Form 941, line 13f, include any increase or decrease to the amount in the "Total" reported on Form 941-X, line 27; write "Correction to line 13f" on the dotted line to the left of the entry box on line 27; explain your correction on line 37; and attach Schedule R (Form 941) to Form 941-X to show corrections for your clients or customers.*



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**

- **Line 27 Total**

- Combine the amounts from column 4 on lines 23–26 and enter the result on line 27.

- **Line 28-34**

- For lines 28–34, you will only enter amounts in columns 1, 2, and 3. These lines don't have an entry space for column 4 because these adjustments don't directly result in an increase or decrease to your tax.



FORM 941X LINE BY LINE REVIEW

- **Part 3 of Form 941-X**
- Line 28 Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages.
- Line 29 Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages.
- Line 30 Qualified Wages for the Employee Retention Credit
- Line 31 Qualified Health Plan Expenses Allocable to Wages Reported on Form 941, Line 21
- Line 32 Credit From Form 5884-C, Line 11, for this quarter
- Line 33 Qualified Wages Paid March 13 through March 31, 2020, for the Employee Retention Credit (use this line only to correct the second quarter 2020 filing of Form 941)
- Line 34 Qualified Health Plan Expenses Allocable to Wages Reported on Form 941, Line 24 (Use This line Only to Correct the Second Quarter 2020 Filing of form 941)



FORM 941X LINE BY LINE REVIEW

- **Part 4 of Form 941-X**
- **Line 35 Correction of Both Underreported and Overreported Amounts**
 - Check the box on line 35 if any corrections you entered on lines 7–26, or lines 28–34, column 3, reflect both underreported and overreported amounts.
- **Line 36 Did you Reclassify Any Workers**
 - Check the box on line 36 if you reclassified any workers to be independent contractors or nonemployees. Also check this box if the IRS (or you) determined that workers you treated as independent contractors or nonemployees should be classified as employees.
- **Line 37 Explain Your Corrections**
 - Treasury regulations require you to explain in detail the grounds and facts relied upon to support each correction. On line 37, describe in detail each correction you entered in column 4 on lines 7–22, and lines 24–26. Also use line 37 to describe corrections made on line 6 and lines 28–34. If you need more space, attach additional sheets, but be sure to write your name, EIN, “Form 941-X,” the quarter you’re correcting (for example, “Quarter 2”), and the calendar year of the quarter you’re correcting on the top of each sheet.



FORM 941X LINE BY LINE REVIEW

▪ **Part 5 Sign Here**

- Form 941-x must be signed as follows:
 - Sole proprietorship
The individual who owns the business
 - Corporation (including an LLC treated as a corporation)
The president, vice president, or other principal officer
 - Partnership (including an LLC treated as a partnership) or unincorporated organization
A responsible and duly authorized member or officer having knowledge of its affairs
 - Single member limited liability company (LLC) treated as a disregarded entity
The owner of the limited liability company (LLC)
 - Trust or estate
The fiduciary
- Form 941 may also be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.
- Corporate officers or duly authorized agents may sign Form 941 by rubber stamp, mechanical device, or computer software program.
- A paid preparer does not include an authorized reporting agent. Authorized reporting agents should have a valid Form 8655 *Reporting Agent Authorization* on file with the IRS.



FORM 941-X

941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund

Form 941-X (Rev. 7-2023)

Department of the Treasury - Internal Revenue Service

OMB No. 1545-0049

Employer identification number (EIN)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Name (not your trade name)	<input type="text"/>										
Trade name (if any)	<input type="text"/>										
Address	<input type="text"/>										
Number	Street			Suite or room number							
City	State			ZIP code							
Foreign country name	Foreign province/county			Foreign postal code							

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all four pages. Don't attach this form to Form 941 or 941-SS unless you're reclassifying workers; see the instructions for line 36.

Part 1a Select ONLY one process. See page 5 for additional guidance.

- ☐ 1. **Adjusted employment tax return.** Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you're correcting both underreported and overreported amounts on this form. The amount shown on line 27, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you're filing this form.

- ☐ 2. **Claim.** Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 27. Don't check this box if you're correcting ANY underreported amounts on this form.

Part 2 Complete the certifications.

- ☐ 3. I certify that I've filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.

Note: If you're correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you're correcting overreported amounts, for purposes of the certifications on lines 4 and 5, Medicare tax doesn't include Additional Medicare Tax. Form 941-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages or an adjustment is being made for the current year.

- ☐ 4. If you checked line 1 because you're adjusting overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box. I certify that:

- ☐ a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

- ☐ b. The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

- ☐ c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

- ☐ 5. If you checked line 2 because you're claiming a refund or abatement of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box. I certify that:

- ☐ a. I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

- ☐ b. I have a written consent from each affected employee stating that I may file this claim for the employer's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

- ☐ c. The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees, or each affected employee didn't give me a written consent to file a claim for the employer's share of social security tax and Medicare tax, or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

- ☐ d. The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

Next

For Paperwork Reduction Act Notice, see the separate instructions. www.irs.gov/forms419 Cat. No. 17025J Form 941-X (Rev. 7-2023)

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter (1, 2, 3, 4)
		Correcting calendar year (YYYY)

Part 3a Enter the corrections for this quarter. If any line doesn't apply, leave it blank.

	Column 1 Total corrected amount (for ALL employees)	Column 2 Amount originally reported or as previously corrected (for ALL employees)	Column 3 Difference (if this amount is a negative number, use a minus sign)	Column 4 Tax correction
6. Wages, tips, and other compensation (Form 941, line 2)	<input type="text"/>	<input type="text"/>	<input type="text"/>	Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c. Copy Column 3 here <input type="text"/>
7. Federal income tax withheld from wages, tips, and other compensation (Form 941, line 3)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
8. Taxable social security wages (Form 941 or 941-SS, line 5a, Column 1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.124^* =$ <input type="text"/>
9. Qualified sick leave wages (Form 941 or 941-SS, line 5a(i), Column 1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.062 =$ <input type="text"/>
10. Qualified family leave wages (Form 941 or 941-SS, line 5a(ii), Column 1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.062 =$ <input type="text"/>
11. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.124^* =$ <input type="text"/>
12. Taxable wages & tips (Form 941 or 941-SS, line 5c, Column 1)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.029^* =$ <input type="text"/>
13. Taxable wages & tips subject to Additional Medicare Tax withholding (Form 941 or 941-SS, line 5d)	<input type="text"/>	<input type="text"/>	<input type="text"/>	$\times 0.009^* =$ <input type="text"/>
14. Section 3121(g) Notice and Demand—Tax due on unreported tips (Form 941 or 941-SS, line 5f)	<input type="text"/>	<input type="text"/>	<input type="text"/>	Copy Column 3 here <input type="text"/>
15. Tax adjustments (Form 941 or 941-SS, lines 7 through 9)	<input type="text"/>	<input type="text"/>	<input type="text"/>	Copy Column 3 here <input type="text"/>
16. Qualified small business payroll tax credit for increasing research activities (Form 941 or 941-SS, line 11a; you must attach Form 8974)	<input type="text"/>	<input type="text"/>	<input type="text"/>	See instructions <input type="text"/>
17. Nonrefundable portion of credit for qualified sick and family leave wages (Form 941 or 941-SS, line 11b)	<input type="text"/>	<input type="text"/>	<input type="text"/>	See instructions <input type="text"/>
18. Nonrefundable portion of employer retention credit (Form 941 or 941-SS, line 11c)	<input type="text"/>	<input type="text"/>	<input type="text"/>	See instructions <input type="text"/>
19. Special addition to wages for federal income tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	See instructions <input type="text"/>
20. Special addition to wages for social security taxes	<input type="text"/>	<input type="text"/>	<input type="text"/>	See instructions <input type="text"/>
21. Special addition to wages for Medicare taxes	<input type="text"/>	<input type="text"/>	<input type="text"/>	See instructions <input type="text"/>
22. Special addition to wages for Additional Medicare Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	See instructions <input type="text"/>
23. Combine the amounts on lines 7 through 22 of Column 4	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
24. Deferred amount of the employer share of social security tax (Form 941 or 941-SS, line 13b)	<input type="text"/>	<input type="text"/>	<input type="text"/>	See instructions <input type="text"/>
25. Refundable portion of credit for qualified sick and family leave wages (Form 941 or 941-SS, line 13c)	<input type="text"/>	<input type="text"/>	<input type="text"/>	See instructions <input type="text"/>

Next

Form 941-X (Rev. 7-2023)

Name <i>not your trade name</i>	Employer identification number (EIN)	Correcting quarter (1, 2, 3, 4) Correcting calendar year (YYYY)
---------------------------------	--------------------------------------	--

Part 3. Enter the corrections for this quarter. If any line doesn't apply, leave it blank. *(continued)*

	Column 1 <i>Total corrected amount (for ALL employees)</i>	Column 2 <i>Amount originally reported or as previously corrected (for ALL employees)</i>	Column 3 <i>Difference (if this amount is a negative number, use a minus sign.)</i>	Column 4 <i>Tax correction</i>
26. Refundable portion of employee retention credit (Form 941 or 941-SS, line 13d)	-	-	=	See instructions
27. Total. Combine the amounts on lines 23 through 26 of Column 4 .	-			
<p>If line 27 is less than zero:</p> <ul style="list-style-type: none"> If you checked line 1, this is the amount you want applied as a credit to your Form 941 for the tax period in which you're filing this form. (If you're currently filing a Form 944, Employer's ANNUAL Federal Tax Return, see the instructions.) If you checked line 2, this is the amount you want refunded or abated. <p>If line 27 is more than zero, this is the amount you owe. Pay this amount by the time you file this return. For information on how to pay, see Amount you owe in the instructions.</p>				
28. Qualified health plan expenses allocable to qualified sick leave wages (Form 941 or 941-SS, line 10)	-	-	=	-
29. Qualified health plan expenses allocable to qualified family leave wages (Form 941 or 941-SS, line 20)	-	-	=	-
30. Qualified wages for the employee retention credit (Form 941 or 941-SS, line 21)	-	-	=	-
31. Qualified health plan expenses allocable to wages reported on Form 941, line 21 (Form 941 or 941-SS, line 22)	-	-	=	-
32. Credit from Form 5684-C, line 11, for this quarter (Form 941 or 941-SS, line 23)	-	-	=	-
33. Qualified wages paid March 13 through March 31, 2020, for the employee retention credit (use this line only to correct the second quarter 2020 filing of Form 941) (Form 941 or 941-SS, line 24)	-	-	=	-
34. Qualified health plan expenses allocable to wages reported on Form 941, line 24 (use this line only to correct the second quarter 2020 filing of Form 941) (Form 941 or 941-SS, line 25)	-	-	=	-



WORKSHEET 1

Worksheet 1. Adjusted Credit for Qualified Sick and Family Leave Wages and the Employee Retention Credit

Keep for Your Records 

You must use this worksheet if you claimed the credit for qualified sick and family leave wages and/or the employee retention credit on your original Form 941 for the quarter and you need any amounts used to figure these credits on Form 941-X. You will also use this worksheet to figure these credits if you're claiming them for the first time on Form 941-X.

Step 1. Determine the corrected employer share of social security tax this quarter after it is reduced by any credit claimed on Form 9874 and any credit from Form 5884-C.			
1a	Enter the amount of social security wages from Form 941, line 5a, column 1, or, if corrected, enter the amount from Form 941-X, line 6, column 1	1a	_____
1b	Enter the amount of social security tips from Form 941, line 5b, column 1, or, if corrected, from Form 941-X, line 11, column 1	1b	_____
1c	Add lines 1a and 1b	1c	_____
1d	Multiply line 1c by 6.2% (0.062)	1d	_____
1e	If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of social security tax required to be paid by the employer that you included on Form 941, Part 1, line 8, or, if corrected, the amount of employer social security tax on sick pay that you included on Form 941-X, line 15, column 1 (enter as a negative number)	1e	_____
1f	Employer share of social security tax included on Form 941-X, line 20, column 4	1f	_____
1g	If you received a Section 3121(g) Notice and Demand during the quarter, enter the amount of the employer share of social security tax from the notice	1g	_____
1h	Employer share of social security tax. Combine lines 1d, 1e, 1f, and 1g	1h	_____
1i	Enter the amount from Form 941, Part 1, line 11a, or, if corrected, the amount from Form 941-X, line 16, column 1 (credit from Form 9874)	1i	_____
1j	Enter the amount from Form 941, Part 3, line 23, or, if corrected, the amount from Form 941-X, line 32, column 1 (credit from Form 5884-C)	1j	_____
1k	Total nonrefundable credits already used against the employer share of social security tax. Add lines 1i and 1j	1k	_____
1l	Employer share of social security tax remaining. Subtract line 1k from line 1h	1l	_____
Step 2. Figure the sick and family leave credit			
2a	Qualified sick leave wages reported on Form 941, Part 1, line 5a(i), column 1, or, if corrected, the amount from Form 941-X, line 9, column 1	2a	_____
2a(i)	Qualified sick leave wages included on Form 941, Part 1, line 5c, or, if corrected, Form 941-X, line 12, column 1, but not included on Form 941, Part 1, line 5a(i), column 1, or Form 941-X, line 9, column 1, because the wages reported on that line were limited by the social security wage base	2a(i)	_____
2a(ii)	Total qualified sick leave wages. Add lines 2a and 2a(i)	2a(ii)	_____
2b	Qualified health plan expenses allocable to qualified sick leave wages (Form 941, Part 3, line 19, or, if corrected, Form 941-X, line 28, column 1)	2b	_____
2c	Employer share of Medicare tax on qualified sick leave wages. Multiply line 2a(ii) by 1.45% (0.0145)	2c	_____
2d	Credit for qualified sick leave wages. Add lines 2a(ii), 2b, and 2c	2d	_____
2e	Qualified family leave wages reported on Form 941, Part 1, line 5a(ii), column 1, or, if corrected, the amount from Form 941-X, line 10, column 1	2e	_____
2e(i)	Qualified family leave wages included on Form 941, Part 1, line 5c, or, if corrected, Form 941-X, line 12, column 1, but not included on Form 941, Part 1, line 5a(ii), column 1, or Form 941-X, line 10, column 1, because the wages reported on that line were limited by the social security wage base	2e(i)	_____
2e(ii)	Total qualified family leave wages. Add lines 2e and 2e(i)	2e(ii)	_____
2f	Qualified health plan expenses allocable to qualified family leave wages (Form 941, Part 3, line 20, or, if corrected, Form 941-X, line 29, column 1)	2f	_____
2g	Employer share of Medicare tax on qualified family leave wages. Multiply line 2e(ii) by 1.45% (0.0145)	2g	_____
2h	Credit for qualified family leave wages. Add lines 2e(ii), 2f, and 2g	2h	_____
2i	Credit for qualified sick and family leave wages. Add lines 2d and 2h	2i	_____
2j	Nonrefundable portion of credit for qualified sick and family leave wages. Enter the smaller of line 1i or line 2i. Enter this amount on Form 941-X, line 17, column 1	2j	_____
2k	Refundable portion of credit for qualified sick and family leave wages. Subtract line 2j from line 2i and enter this amount on Form 941-X, line 28, column 1	2k	_____

Worksheet 1 continues on the next page.

Worksheet 1. Adjusted Credit for Qualified Sick and Family Leave Wages and the Employee Retention Credit—(continued)

Step 3. Figure the employee retention credit			
3a	Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 941, Part 3, line 21, or, if corrected, Form 941-X, line 30, column 1)	3a	_____
3b	Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941, Part 3, line 22, or, if corrected, Form 941-X, line 31, column 1)	3b	_____
3c	Qualified wages (excluding qualified health plan expenses) paid March 13, 2020, through March 31, 2020, for the employee retention credit (Form 941, Part 3, line 24, or, if corrected, Form 941-X, line 33, column 1). Enter an amount here only for the second quarter Form 941-X	3c	_____
3d	Qualified health plan expenses allocable to qualified wages paid March 13, 2020, through March 31, 2020, for the employee retention credit (Form 941, Part 3, line 25, or, if corrected, Form 941-X, line 34, column 1). Enter an amount here only for the second quarter Form 941-X	3d	_____
3e	Add lines 3a, 3b, 3c, and 3d	3e	_____
3f	Retention credit. Multiply line 3e by 50% (0.50)	3f	_____
3g	Enter the amount of the employer share of social security tax from Step 1, line 1l	3g	_____
3h	Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages from Step 2, line 2j	3h	_____
3i	Subtract line 3h from line 3g	3i	_____
3j	Nonrefundable portion of employee retention credit. Enter the smaller of line 3f or line 3i. Enter this amount on Form 941-X, line 18, column 1	3j	_____
3k	Refundable portion of employee retention credit. Subtract line 3j from line 3f and enter this amount on Form 941-X, line 26, column 1	3k	_____

Caution:
Only complete lines 3c and 3d for your second quarter 2020 Form 941-X.



QUESTIONS??

Dayna J. Reum CPP, FPC

daynaprtraining@live.com

