

Instructions for Form 941-X



Department of the Treasury
Internal Revenue Service

(January 2009)

Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund

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

What's New

New Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund, has replaced Form 941c, Supporting Statement to Correct Information. Form 941-X must be used for all corrections to a previously filed Form 941, Employer's QUARTERLY Federal Tax Return, beginning with errors discovered in calendar year 2009. Do not attach Form 941-X to Form 941. Form 941-X must be filed separately.

Also use Form 941-X instead of Form 843, Claim for Refund or Request for Abatement, when you request a refund or abatement of overpaid employment taxes. However, continue to use Form 843 when asking for a refund or abatement of assessed interest or penalties.

Form 941-X is used to make adjustments to Form 941-SS, Employer's QUARTERLY Federal Tax Return. Unless otherwise noted, references to Form 941 and the Instructions for Form 941 also apply to Form 941-SS and the Instructions for Form 941-SS.

The lines for adjusting prior quarter errors (lines 7d through 7g) have been deleted from Form 941, beginning with the first calendar quarter of 2009. Continue to report current quarter adjustments for fractions of cents, third-party sick pay, tips, and group-term life insurance on Form 941, using lines 7a through 7c.

Background

New Treasury regulations have changed the process for adjusting employment taxes reported on Form 941 and for filing a claim for refund of employment taxes. You will use the revised interest-free adjustment process if you underreported employment taxes and you are making a payment, or if you overreported employment taxes and you will be applying the overpayment (credit) to Form 941 for the quarter during which you file Form 941-X. However, see the *Caution* on page 2. You will use the revised claim process if you overreported employment taxes and you are requesting a refund or abatement of the credit. We use the terms correct and corrections on Form 941-X and these instructions to include interest-free adjustments under sections 6205 and 6413.

We believe that you will find Form 941-X easier to complete and its instructions easier to understand. Also, the new form will enable the IRS to process corrections to employment taxes more accurately and efficiently. Please read both the form and these instructions carefully to become familiar with the changes.

Where can you get telephone help? You can call the IRS Business and Specialty Tax Line toll free at 1-800-829-4933, Monday through Friday from 7 a.m. to 10 p.m. local time (Alaska and Hawaii follow Pacific time) for answers to your questions about completing Form 941-X, employment tax questions, or obtaining an employer identification number.

New Process For Correcting Employment Taxes

After December 31, 2008, when you discover an error on a previously filed Form 941, you must:

- Correct that error using Form 941-X.
- File a separate Form 941-X for each Form 941 that you are correcting, and
- File Form 941-X separately from your current Form 941.

Overreported tax. If you have overreported your tax, you may choose to:

- Use the adjustment process. Check the box on line 1 to apply the amount from line 17 of Form 941-X to line 11 of Form 941 for the quarter during which you file Form 941-X, or
- Use the claim for refund process. Check the box on line 2 to file a claim on Form 941-X, asking for a refund of the amount shown on line 17.



To ensure that the IRS has enough time to process a credit for an overreporting adjustment in the quarter during which you file Form 941-X, you are encouraged to file Form 941-X correcting the overreported amount in the first two months of a quarter. For example, if you discovered an overreported amount in March, June, September, or December, you may want to file Form 941-X in the first two months of the next quarter. This should ensure that the IRS will have enough time to process the Form 941-X so that the credit will be posted before you file Form 941, thus avoiding an erroneous balance due notice from the IRS. If you currently file Form 944 instead of Form 941 and will claim a credit on Form 944, file Form 941-X before December of the calendar year you discovered the error.

Example, overreported amount applied as a credit to Form 941. On June 20, 2009, you discover you overreported the tax on your 2008 fourth quarter Form 941. You choose to apply the overreported amount as a credit on your 2009 third quarter Form 941 instead of your 2009 second quarter Form 941 to allow IRS enough time to process it. You file Form 941-X on August 31. Include the credit from line 17 of Form 941-X on line 11 of your 2009 third quarter Form 941. Your credit will be considered as a tax deposit made on July 1, 2009.

Special process for refund claims. Generally, you can report the correction of overreported amount and underreported amounts errors for the same quarter on a single Form 941-X. However, if you are requesting a refund and you are correcting both overreported amounts and underreported amounts, you **MUST** file one Form 941-X correcting the overreported amounts only and a second Form 941-X correcting the underreported amounts.

Underreported tax. If you have underreported tax, check the box in line 1 and pay any additional tax when you file Form 941-X. You must pay the amount you owe on each Form 941-X separately if you are filing multiple Forms 941-X. You may not use an overreported amount on another Form 941-X to pay an amount you owe, even if you file the overreported Form 941-X and the underreported Form 941-X at the same time.

General Instructions: Understanding Form 941-X

Purpose of Form 941-X

Use Form 941-X to report corrections to:

- 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.
- Lines 7a through 7c of Form 941.
- Lines 7d through 7g (calendar year 2008 and prior) of Form 941.
- Advance earned income credit payments made to employees.

You must complete the applicable certification in Part 2 and provide an explanation of your corrections in Part 4.



Do not use Form 941-X to correct Forms 943, 944, 944-SS, 945, or CT-1. Instead, use new Forms 943-X, 944-X, 945-X, or CT-1-X.

When Not To Use Form 941-X

Current period adjustments. Current period adjustments for the following items will continue to be reported on Form 941, lines 7a, 7b, and 7c.

- Current quarter's fractions of cents.
- Current quarter's sick pay.
- Current quarter's adjustments for tips and group-term life insurance.

Other adjustments. The following are **not reported** on Form 941-X.

- Adjustments to line 1 of Form 941.
- Adjustments to line 15 of Form 941, monthly or daily tax liability.
- Adjustments to Form 943, Form 944, Form 945, and Form CT-1. Do not use Form 941-X to correct Forms 943, 944, 944-SS, 945, or CT-1. Instead, use new Forms 943-X, 944-X, 945-X, or CT-1-X.
- Adjustments to Schedule B (Form 941). For more information about correcting federal tax liabilities reported on Schedule B (Form 941), see the Instructions for Schedule B (Form 941).

Form 941 not filed. If you did not file a Form 941 for one or more quarters, do not use Form 941-X. Instead, file Form 941 for each of those quarters. If you did not file Forms 941 because you improperly treated workers as subcontractors or nonemployees and are now reclassifying them as employees, see the instructions for *Line 19. Did You Reclassify Any Workers?* on page 7.

When Must You File?

File Form 941-X when you discover an error on a previously filed Form 941. The due date for filing Form 941-X depends on when you discover an error and if you underreported or overreported your tax.

Underreported amounts. If you owe tax, file Form 941-X and pay the amount you owe when you file. Doing so will generally ensure that your correction is interest free and not subject to failure-to-pay or failure-to-deposit penalties.

Filing dates to avoid interest and penalties. If you owe tax, you should file Form 941-X by the following dates to avoid interest and penalties.

Error is Discovered in . . .	Form 941-X Is Due
1. January, February, March	April 30
2. April, May, June	July 31
3. July, August, September	October 31
4. October, November, December	January 31

The dates shown in the table above do not apply to corrections of overreported amount errors.

Example—You owe tax On February 11, 2009, you discover that you underreported \$10,000 of social security and Medicare wages on your 2008 fourth quarter Form 941. File Form 941-X and pay the amount you owe by April 30, 2009 because you discovered the error in the first quarter of 2009 and April 30, 2009 is the due date for that quarter.

Overreported amount, credit applied to Form 941. If you overreported your tax and choose to apply the credit to Form 941, file Form 941-X soon after you discovered the error but no later than 90 days before the period of limitations for correcting the Form 941 expires. Make sure you include the credit on line 11 of Form 941. See *Deadline for Filing Form 941-X* below.

Overreported amount, claim for refund. If you have an overreported amount, you may choose to file a claim for refund on Form 941-X. You will be refunded the overreported amount plus interest if IRS approves your claim. However, see *Deadline for Filing Form 941-X* below. If you need to correct any underreported amounts, you must file another Form 941-X reporting only the underreported amounts.



If you discovered an error on or before December 31, 2008, but did not report it as an adjustment on Form 941 for any quarter that ended before 2009, and you did not file a refund claim (Form 843), you may use Form 941-X to correct the error.

Deadline For Filing Form 941-X

Generally, you may correct overreported taxes on a previously filed Form 941 within 3 years of the date Form 941 was filed or 2 years from the date you paid the tax reported on Form 941, whichever is later. You may correct underreported taxes on a previously filed Form 941 within 3 years of the date Form 941 was filed. We call each of these timeframes the "period of limitations." For purposes of the period of limitations, all 4 quarters of Form 941 that you filed on time for a calendar year are deemed to have been filed on April 15 of the next calendar year.

Example. You filed your 2007 second quarter Form 941 on July 27, 2007. The IRS treats the return as if it were filed on April 15, 2008. On January 10, 2011, you discover that you overreported social security and Medicare wages on that form by \$10,000. To correct the error, you must file Form 941-X by April 15, 2011 which is the end of the period of limitations.



If you file Form 941-X to correct overreported amounts in the last 90 days of a period of limitations (after January 15, 2011 in the example above), you must use the claim for refund process. You cannot use the adjustment process. If you are also correcting underreported amounts, you must file another Form 941-X reporting the underreported amounts only and pay any tax due.

How Should You Complete Form 941?

One Quarter on Form 941-X

You can only adjust one quarter on Form 941-X. You must complete a separate Form 941-X for each quarter you are adjusting.

EIN, Name, and Address

Type or print your EIN, name, and address in the spaces provided. Use the same EIN you used on the Form 941 you are adjusting. Also enter your name and EIN here on the top of pages 2 and 3. If your name or address has changed, enter the corrected information.

Return You Are Correcting

Under "Return You Are Correcting" at the top of Form 941-X, check the box for the type of return you are correcting, check the box for the quarter you are correcting, and enter the calendar year of the quarter you are correcting. Also enter the quarter and calendar year on the top of pages 2 and 3.

Date You Discovered Errors

You **MUST** enter the date you discovered the errors. If you are reporting several errors that you discovered at different times, enter the earliest date you discovered them. In line 20 report any subsequent dates and related errors.

Lines Not Applicable

If any line in Part 3 is not applicable, leave that line blank.

Reporting Negative Amounts

When reporting a negative amount as a tax adjustment in columns 3 and 4, use a "minus" sign instead of parentheses. For example, report "-10.59" instead of "(10.59)." However, if your software only allows for parentheses in reporting negative amounts, you may use them.

How To Make Entries on Form 941-X

You can help IRS process your Form 941-X timely and accurately if you follow these guidelines.

- Use 12-point Courier font (if possible) for all entries if you are typing or using a computer to fill out your form.
- Omit dollar signs and decimal points. Commas are optional. Report dollars to the left of the preprinted decimal point and cents to the right of it.
- Always show an amount for cents. Do not round entries to whole dollars.
- Leave blank any line in Part 3 that you did not correct.
- Complete all three pages and sign Form 941-X.
- Enter negative amounts using a minus sign (if possible). Otherwise, use parentheses.
- Give us a detailed explanation in line 20 for all corrections.
- Enter your name, EIN, and year and quarter you are correcting on all pages and attachments.
- Staple multiple sheets in the upper left corner when filing.

Where Should You File?

Send your completed Form 941-X to the address below.
If you are in . . . Use this address . . .

Special filing addresses 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

Connecticut	New Jersey
Delaware	New York
District of Columbia	North Carolina
Illinois	Ohio
Indiana	Pennsylvania
Kentucky	Rhode Island
Maine	South Carolina
Maryland	Vermont
Massachusetts	Virginia
Michigan	West Virginia
New Hampshire	Wisconsin

Department of the Treasury
Internal Revenue Service
Cincinnati, OH
45999-0005

Alabama	Missouri
Alaska	Montana
Arizona	Nebraska
Arkansas	Nevada
California	New Mexico
Colorado	North Dakota
Florida	Oklahoma
Georgia	Oregon
Hawaii	South Dakota
Idaho	Tennessee
Iowa	Texas
Kansas	Utah
Louisiana	Washington
Minnesota	Wyoming
Mississippi	

Department of the Treasury
Internal Revenue Service
Ogden, UT
84201-0005

No legal residence or principal place of
business in any state

Internal Revenue Service
P.O. Box 409101
Ogden, UT 84409

Specific Instructions:

Part 1. Select **ONLY** one

Because Form 941-X may be used to file either an adjusted employment tax return or a claim for refund of employment taxes, you must check one box on either line 1 or line 2. Do not check both boxes.

Line 1. Adjusted Employment Tax Return

Check the box in line 1 if you are correcting underreported amounts or overreported amounts and you would like to use the adjustment method. If you are correcting both underreported amounts and overreported amounts on this form, you must check this box. If you check this box, any overpayment shown in line 17 will be applied as a credit on your Form 941, 941-SS, 944, or Form 944-SS for the period in which you are filing this form. See *When Must You File?* on page 2.

Also check the box on line 1 if you are only correcting underreported amounts (you have a balance due).

If you owe tax. Pay the amount shown in line 17 when you file Form 941-X. Generally, you will not be charged interest if you file on time, pay on time, and enter the date you discovered errors. See *When Must You File?* on page 2.

If you have a credit. You overpaid employment taxes (you have a negative amount in line 17) and want IRS to apply the credit on Form 941 or Form 944 for the period during which you filed Form 941-X. IRS will apply your credit on the first day of the Form 941 or Form 944 period during which you filed Form 941-X. However, the credit you show in line 17 of Form 941-X may not be fully available on your Form 941 or Form 944 if IRS corrects it during processing or you

owe other taxes, penalties, or interest. IRS will notify you if your claimed credit changes or if the amount available as a credit on Form 941 or Form 944 was reduced because of unpaid taxes, penalties, or interest.



To allow time for IRS to process your credit, consider filing Form 941-X only in the first two months of a quarter. See the TIP on page 1. For credits applied to Form 944, file Form 941-X before December. Do not check the box in line 1 if you are correcting overreported amounts and the period of limitations for changes to Form 941 will expire within 90 days after the date you file Form 941-X. Instead, check the box in line 2. See Deadline for Filing Form 941-X on page 2.

Line 2. Claim For Refund of Employment Taxes

Check the box in line 2 if you are correcting overreported amounts only and you are claiming a refund of the amount shown on line 17. Do not check this box if you are correcting ANY underreported amounts on this form.

You must check the box on line 2 if you have an overreported amount and the period of limitations for making corrections to Form 941 will expire within 90 days after the date you file Form 941-X. See *Deadline for Filing Form 941-X* on page 2.

Unless IRS corrects Form 941-X during processing or you owe other taxes, penalties, or interest, the IRS will refund the amount shown in line 17, plus any applicable interest.

The IRS processes claims as quickly as possible after they are filed. We will notify you of the status of your claim. Generally, claims are accepted as filed, denied, or selected to be examined. For more information on claims, see Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund.

Part 2. Complete The Certifications

You must complete all certifications that apply by checking the appropriate boxes. If all of your corrections relate to underreported amounts, complete line 3 only; skip lines 4 and 5 and go to Part 3.

Line 3. Filing Forms W-2 or Forms W-2c

Check the box in line 3 to certify that you filed or will file Forms W-2 or Forms W-2c, whichever is appropriate, showing your employees' correct wage and tax amounts. See the Instructions for Forms W-2 and W-3 and the Instructions for Forms W-2c and W-3c for detailed information about filing requirements. References to Form W-2 on Form 941-X and in these instructions also apply to Forms W-2AS, W-2CM, W-2GU, and W-2VI unless otherwise noted.

You must check the box in line 3 to certify that you filed Forms W-2 or Forms W-2c even if your corrections on Form 941-X do not change amounts shown on those forms. For example, if your only correction to Form 941 involves misstated tax adjustments (see the instructions for line 11), check the box in line 3 to certify that you already filed all required Forms W-2 and W-2c.

Line 4. Certifying Overreported Amount Adjustments

If you have an overreported amount and you checked the box on line 1, check the appropriate box in line 4. You may need to check more than one box. You will apply the overpayment (credit) shown on line 17 on your Form 941 for the quarter during which you file Form 941-X.

Line 4a

Check the box in line 4a if your overreported amount includes each affected employee's share of overcollected taxes. You are certifying that you repaid or reimbursed the employee's share of current and prior year taxes and you received written statements from the employees stating that they did not and will not receive a refund or credit for the prior year taxes. You are certifying that you adjusted federal income tax withheld from employees for the current calendar year only.

Example. Below is an example of the written statement that is required from employees.

- Employee name
- Employer name
- I have received a repayment of \$_____ as overcollected social security and Medicare taxes for 20____. I have not claimed a refund of or credit for the overcollected taxes from IRS, or if I did, that claim has been rejected; and I will not claim a refund or a credit of the amount.
- Employee signature
- Date

Do not send the statement to IRS. Keep for your records.

Line 4b

Check the box on line 4b to certify that your overreported amount is only for the employer share of taxes on those employees who you were unable to find or those who would not (or could not) give you a statement described on line 4a.

Line 4c

Check the box on line 4c to certify that your overreported amount is only for the employer share of taxes on affected employees from whom you did not withhold employment taxes.

Line 5. Certifying Refund Claims

If you are filing a claim for refund of an overreported amount of tax and you checked the box on line 2, check the appropriate box on line 5. You may need to check more than one box. You may not file a refund claim to correct federal income tax withheld from employees.

Line 5a

Check the box in line 5a if your overreported amount includes each affected employee's share of social security and Medicare tax. You are certifying that you repaid or reimbursed to the employees their share of current and prior year social security and Medicare tax and you received written statements from those employees stating that they did not and will not receive a refund or credit for the prior year taxes.

Line 5b

Check the box on line 5b if your overreported amount includes each affected employee's share of social security and Medicare tax. You may check this box even if you have not yet repaid or reimbursed the employee share of taxes. You are certifying that you received consent from each affected employee to file a claim for refund on the employee share of those taxes and you received written statements from those employees stating that they did not and will not receive a refund or credit for the prior year taxes.

Example. Below is an example of the consent and written statement that is required from employees when you are filing a claim for refund and have not yet repaid or reimbursed the employee share of taxes.

- Employee name
- Employer name
- I agree to receive \$_____ as a repayment of overcollected social security and Medicare taxes for 20____. I have not claimed a refund of or credit for the overcollected

taxes from IRS, or if I did, that claim has been rejected; and I will not claim a refund or a credit of the amount.

- Employee signature
- Date

Do not send the statement to IRS. Keep for your records.

Line 5c

Check the box on line 5c to certify that your overreported amount is only for the employer share of social security and Medicare tax. Affected employees did not give you consent to file a claim for refund for the employee share of social security and Medicare tax, they could not be found, or would not (or could not) give you a statement described on line 5b.

Line 5d

Check the box on line 5d to certify that your overreported amount is only for the employer share of taxes on affected employees from whom you did not withhold federal income tax, social security tax, and Medicare tax.

Part 3. Enter Your Corrections For This Quarter

What Amounts Should You Report in Part 3

In columns 1 and 2 of lines 6 through 10, show amounts for all of your employees, not just for those employees whose amounts you are correcting.

If a correction that you report in column 4 was caused by offsetting errors (see the instructions for line 18), provide an explanation for each error in line 20.

Because special circumstances apply for lines 11 through 14 and line 16, read the instructions for each line carefully before entering amounts in the columns.



If you previously adjusted or amended Form 941 using Form 941c, Form 941-X, Form 843, an "amended" Form 941, or by filing a "supplemental" Form 941, show amounts in column 2 that include those previously reported corrections.

Line 6. Wages, Tips, and Other Compensation

If you are correcting the wages, tips, and other compensation you reported in line 2 of Form 941, enter the total corrected amount for ALL employees in column 1. In column 2, enter the amount you originally reported. In column 3, enter the difference between columns 1 and 2. This line does not apply to Form 941-SS.

Example—Auto allowance; wages, tips, and other compensation increased. You paid one of your employees a \$500 monthly auto allowance from October through December 2008 and did not treat the payments as taxable wages. However, in February 2009, you realized that the payments were wages because they were not reimbursements of deductible business expenses that were substantiated and paid under an accountable plan. Therefore, you must correct the error and treat the auto allowance as wages subject to income, social security, and Medicare taxes. Use Form 941-X to report the additional \$1,500 of wages on line 6 and correct the reported social security and Medicare taxes on lines 8 and 10.



For line 6 of Form 941-X only, do not show this difference in column 4. Instead, use the amount in column 1 when you prepare your Forms W-2 or Forms W-2c.

Line 7. Income Tax Withheld From Wages, Tips, and Other Compensation

If you are correcting the federal income tax withheld from wages, tips, and other compensation you reported in line 3 of Form 941, enter the total corrected amount for ALL employees 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. Copy the amount in column 3 to column 4. Include any minus sign shown in column 3. This line does not apply to Form 941-SS.

Generally, you may correct federal income tax withholding errors only for the current calendar year. However, you may correct federal income tax withholding errors for prior years if the amounts shown on Form 941 do not agree with the amounts you actually withheld, that is, an administrative error. An administrative error occurred if the amount you entered on Form 941 was not the same amount you actually withheld. For example, when the total amount of federal income tax actually withheld was not reported correctly on Form 941 because of a mathematical or transposition error, the difference is an administrative error. The administrative error adjustment corrects the amount reported on the Form 941 to agree with the amount actually withheld from the employee. Include an explanation of the adjustment on line 14.

Example—Failure to withhold income tax when required. You were required to withhold \$400 of federal income tax from a new employee's pay in December of 2008 but did not do so. You discovered the error on March 15, 2009. You cannot file Form 941-X to correct your fourth quarter Form 941 because the error involves a previous year and the amount previously reported for the new employee (zero) represents the actual amount withheld from the new employee during 2008.

Example—Administrative error reporting income tax. You had three employees. In the fourth quarter of 2008, you withheld \$1,000 of federal income tax from employee A, \$2,000 from employee B, and \$6,000 from employee C. The total amount of federal income tax you withheld was \$9,000. You mistakenly reported \$6,000 in line 3 of your 2008 fourth quarter Form 941. You discovered the error on March 16, 2009. This is an example of an administrative error that may be corrected in a later calendar year because the amount actually withheld from employees' wages differs from the amount reported on Form 941. Use Form 941-X to correct the error. Enter \$9,000 in column 1 and \$6,000 in column 2. Subtract the amount in column 2 from the amount in column 1.

On line 20, explain your corrections. If your correction is for the current calendar year, be sure to indicate that in your explanation.

Line 8. Taxable Social Security Wages

Use line 8 to correct social security wages that you reported in line 5a, column 1 of Form 941. Enter the total corrected amount for ALL employees 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.

If you are correcting only the employer share of tax on a decrease to social security wages, use .062 (6.2%) when multiplying the amount shown in column 3. If you are correcting both shares of tax for some employees and only the employee share for other employees, enter the properly calculated amount in column 4. Be sure to show your calculations in line 20, showing how you arrived at the amount in column 4.

Line 9. Taxable Social Security Tips

Use line 9 to correct social security tips that you reported in line 5b, column 1 of Form 941. Enter the total corrected amount for ALL employees 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.

If you are adjusting only the employer share of tax on a decrease to social security tips, use .062 (6.2%) when multiplying the amount shown in column 3. If you are correcting both shares of tax for some employees and only the employee share for other employees, report the properly calculated amount in column 4. Be sure to show your calculations in line 20.

Line 10. Taxable Medicare Wages and Tips

Use line 10 to correct Medicare wages and tips that you reported in line 5c, column 1 of Form 941. Enter the total corrected amount for ALL employees 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.

If you are adjusting only the employer share of tax on a decrease to Medicare wages and tips, use .0145 (1.45%) when multiplying the amount shown in column 3. If you are correcting both shares of tax for some employees and only the employee share for other employees, report the properly calculated amount in column 4. Be sure to show your calculations in line 20.

TIP *If you are adjusting an employee's social security wages, social security tips, or Medicare wages and tips (lines 8, 9, or 10 of Form 941-X), you must also file Form W-2c, Corrected Wage and Tax Statement, and Form W-3c, Transmittal of Corrected Wage and Tax Statements.*

Line 11. Tax Adjustments

Use line 11 to correct any adjustments reported on lines 7a through 7c of a previously filed Form 941. Add the corrected amounts on lines 7a through 7c. Enter that total in column 1. Add the originally reported or previously adjusted amounts from lines 7a through 7c. Enter that total in column 2. If the adjustment is a reduction in tax, the entry in column 1 or 2 must be a negative number. In column 3, enter the difference between columns 1 and 2.

Example— Current quarter's third-party sick pay underreported. You reported \$6,900 (shown as -6,900.00) as a third-party sick pay adjustment (reduction to tax) on line 7b of your 2008 second quarter Form 941. You did not report any amounts on lines 7a and 7c. Your third-party sick pay adjustment should have been \$9,600 (shown as -9,600.00) because your third-party sick pay payer withheld that amount of social security and Medicare taxes from your employees. You discovered the error in April of 2009. To correct the error, figure the difference on Form 941-X as shown.

- Column 1 (corrected amount), -9,600.00.
- Column 2 (from line 7b of Form 941), -6,900.00.
- Column 3 (difference), -2,700.00.
- Column 4, -2,700.

In this example, you are claiming a credit for \$2,700 of overreported tax on your 2008 second quarter Form 941.

On line 20, explain what you misreported on Form 941. Tell us if your adjustment is for fractions of cents, third-party sick pay, tips, or group-term life insurance.



CAUTION *Do not use line 11 to report corrections to amounts reported in lines 7d and 7e of pre-2009 Forms 941. Instead, file Form 941-X to correct the Form 941 quarter that caused the adjustment shown in line 7d or line 7e.*

Lines 12, 13, and 14. Special Addition to Wages for Federal Income Tax, Social Security Tax, and Medicare Tax

In lines 12, 13, and 14 enter only corrections to wages resulting from reclassifying certain workers as employees or as otherwise directed by IRS personnel.

Unlike other lines on Form 941-X, enter in column 1 only the corrected wages related to worker reclassification, not the amount paid to ALL employees. Enter previously reported reclassification amounts (if any) in column 2. To figure the amount for column 4, use the tax rates provided in the IRS notification document when multiplying the amount in column 3. You may qualify to use the special rates under section 3509 even if you have not received IRS notification. The tax correction in column 4 will be a positive number if you increased the amount of wages you previously reported.



TIP *If you misreported an amount in line 7f or 7g on a pre-2009 Form 941, you may adjust the amount using lines 12 through 14 of Form 941-X. Be sure to complete all of the columns and provide a detailed explanation in line 20.*

Line 15. Subtotal

Combine all amounts from lines 7 through 14 in column 4. If the result is less than zero, enter the result using a "minus" sign.

Line 16. Advance Earned Income Credit (EIC) Payments Made to Employees

If you are correcting the advance earned income credit (EIC) payments made to your employees that you reported on line 9 of Form 941, enter the total corrected amount for ALL employees 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. This line does not apply to Form 941-SS.

You can only make an adjustment to correct an administrative error. An administrative error occurred if the amount you entered on Form 941 was not the same amount you actually paid to your employees. For example, when the total amount of Advance EIC actually paid was not reported correctly on Form 941 because of a mathematical or transposition error, the difference is an administrative error. The administrative error adjustment corrects the amounts reported on Form 941 to agree with the amount actually paid to the employee. Include an explanation of the adjustment on line 14.

You must switch the amount in column 3 from a positive number to a negative number or from a negative number to a positive number when you enter the amount in column 4. For example, if line 16, column 3 shows 560.00, enter -560.00 in column 4. If line 16, column 3 shows -990.00, enter 990.00 in column 4. Remember, negative amounts in column 4 represent credits and positive amounts in column 4 represent additional tax.

Example— Advance EIC payments increased. You filed your 2008 fourth quarter Form 941 reporting zero (line left blank) on line 9. On March 10, 2009, you discovered that you forgot to report the \$1,000 in advance EIC payments you made on behalf of an employee. You made no other EIC payments for your other employees. This is an example of an administrative error. To correct the error, file Form 941-X showing the following.

- Column 1 (correct amount) 1,000.00.
- Column 2 (from Form 941, line 9) 0.00
- Column 3 (difference) 1,000.00
- Reverse the mathematical sign of the amount in column 3 and enter -1,000.00 in column 4.

Line 17. Total

Combine the amounts on lines 15 and 16. If the result is less than zero, enter the result using a “minus” sign.

Overpayment

If the result on line 17 is less than zero, this is your overpayment (credit). If you checked the box in line 2, you are filing a claim for refund of the amount shown. If you checked the box in line 1, include this amount on line 11 of Form 941 for the quarter during which you filed Form 941-X. We may apply your overpayment to any past due tax account that is shown in our records under your EIN.



If you currently file Form 944 or Form 944-SS because your filing requirement changed, include the credit on line 10 of Form 944 or Form 944-SS.

Balance Due

If the result on line 17 is more than zero, you have a balance due. You do not have to pay if the balance due is less than \$1. You may pay the amount shown using EFTPS, or by check, money order, or credit card. For EFTPS information, visit www.eftps.gov. For credit card information, visit the IRS website at www.irs.gov and click on the *electronic IRS* link.

If you pay by check or money order, make it payable to the *United States Treasury*. Enter your EIN, Form 941-X, and the tax period on your check or money order.



Do not use a federal tax deposit coupon (Form 8109 or Form 8109-B) to make a payment with Form 941-X.

Previously assessed failure-to-deposit (FTD) penalty. If line 17 reflects an overpayment (credit) and the IRS previously assessed an FTD penalty, you may be able to reduce the penalty. For more information, see the Instructions for Schedule B (Form 941).

Part 4. Explain Your Corrections For The Quarter

Line 18. Reporting Offsetting Corrections

Check the box in line 18 if you are correcting more than one error on a line in lines 7 through 14 and 16 and column 3 reflects the difference between a correction that increases tax and another correction that decreases tax. We call these offsetting corrections.

Example. If you had an increase to social security wages of \$15,000 for employee A and a decrease to social security wages of \$5,000 for employee B, you would enter \$10,000 in line 8, column 3. That \$10,000 represents the net change from offsetting corrections.

On line 20, you must separately explain the reason for both the \$15,000 increase and the \$5,000 decrease.

Line 19. Did You Reclassify Any Workers?

Check the box in line 19 if you reclassified any workers to be subcontractors or nonemployees. Also check this box if IRS (or you) determined that workers you treated as subcontractors or nonemployees should be classified as employees. On line 20, you must explain why you reclassified any worker.

Return not filed because of failure to treat individual as employee. If you did not previously file Form 941 because you mistakenly treated an employee as a subcontractor or as a nonemployee, file Form 941 for each delinquent quarter and attach Form 941-X to Form 941.

On each Form 941:

- Write “Misclassified Employees” in red ink across the top margin of page 1,
- Enter a zero in line 10,
- Sign Form 941, and
- Attach a completed Form 941-X.

On each Form 941-X for which you are entitled to use section 3509 rates:

- Enter wage amounts in column 1 of line 6,
- Report the computed tax amounts in column 1 of lines 12 through 14,
- Enter zeros in column 2 of line 6 and in lines 12 through 14, and
- Complete columns 3 and 4 as instructed in Part 3.

If you cannot use section 3509 rates, enter wage amounts in lines 6 through 10 as instructed in Part 3. Disregard lines 11 through 14.

Line 20. Explanation of Adjustments

On line 20, describe in detail each correction you entered in column 4 on lines 7 through 14 and line 16. If you need more space, attach additional sheets, but be sure to write your name, EIN, and tax period (quarter and calendar year) on the top of each sheet.

You must describe the events that caused the overreported or underreported wages, administrative errors, or payroll errors. Explanations such as “social security and Medicare wages were overreported” or “administrative/ payroll errors were discovered” are insufficient and may delay processing your Form 941-X because IRS may need to ask for a more complete explanation.

The following is the information we need in your explanation for each error you are correcting.

- Form 941-X line number(s) affected.
- Date you discovered the error.
- Difference (amount of the error).
- Cause of the error.

You may report the information in paragraph form. The following paragraph is an example.

The \$1,000 difference shown in column 3 of lines 6, 8, and 10 was discovered on May 15, 2009 during a payroll audit. By mistake, we issued checks to a former worker after termination.

For corrections shown in lines 12 through 14, explain why the correction was necessary and attach any notice you received from the IRS.

Part 5. Sign Here

Form 941-X must be signed as follows:

- **Sole proprietorship**— The individual who owns the business.
- **Corporation (including a limited liability company (LLC) treated as a corporation)**— The president, vice president, or other principal officer.
- **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 LLC treated as a disregarded entity**— The owner of the LLC.
- **Trust or estate**— The fiduciary.

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

Alternative signature method. Corporate officers or duly authorized agents may sign Form 941-X by rubber stamp, mechanical device, or computer software program. For details and required documentation, see Rev. Proc. 2005-39. You can find Rev. Proc. 2005-39 on page 82 of Internal Revenue Bulletin 2005-28 at www.irs.gov/pub/irs-irbs/irb05-28.pdf.

Paid Preparer's Use Only

A paid preparer must sign Form 941-X and provide the information in the Paid Preparer's Use Only section of Part 5 if you were paid to prepare Form 941-X and are not an employee of the filing entity. The preparer must give you a copy of the return in addition to the copy filed with the IRS.

If you are a paid preparer, write your SSN or your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, write the firm's name and the EIN of the firm. You can apply for a PTIN using Form W-7P, Application for Preparer Tax Identification Number. You cannot use your PTIN in place of the EIN of the tax preparation firm.

Do not complete the Paid Preparer's Use Only section if you are filing the return as a reporting agent and have a valid Form 8655, Reporting Agent Authorization, on file with the IRS.

How to Order Forms and Publications from the IRS



Call 1-800-829-3676.



Visit the IRS website at www.irs.gov.

Additional Information

You may find the following products helpful when preparing Form 941-X.

- Form W-3c, Transmittal of Corrected Wage and Tax Statements
- Instructions for Forms W-2c and W-3c
- Instructions for Form 941
- Pub. 15 (Circular E), Employer's Tax Guide

You may also visit the IRS website at www.irs.gov and type "Employment Tax" in the *Search* box.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Form 941-X to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Subtitle C, Employment Taxes, of the Internal Revenue Code imposes employment taxes on wages, including income tax withholding. This form is used to determine the amount of the taxes that you owe. Section 6011 requires you to provide the requested information if the tax is applicable to you. Section 6109 requires you to provide your identification number. If you fail to provide this information in a timely manner, you may be subject to penalties and interest.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as required by section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, x hr., xx min.; **Learning about the law or the form**, x hr., xx min.; and **Preparing, copying, assembling, and sending the form to the IRS**, x hr., xx min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 941-X simpler, we would be happy to hear from you. You can write to: Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send Form 941-X to this address. Instead, see *Where Should You File Form 941-X?* on page 3.
