

# **(Rev. April 2023)**

# **Instructions for Form 941-X**

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

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Volume 2 of 3



Department of the Treasury  
**Internal Revenue Service**

Instruction for Form 941-X (Rev 4-2023) Catalog Number 53099V  
Department of the Treasury **Internal Revenue Service** [www.irs.gov](http://www.irs.gov)



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Because special circumstances apply for lines 14–22, 24–26c, and 28–40, read the instructions for each line carefully before entering amounts in the columns.

If any line doesn't apply to you, leave it blank.



*If you previously adjusted or amended Form 941 by using Form 941-X or because of an IRS examination change, show amounts in column 2 that include those previously reported corrections.*

## **6. Wages, Tips, and Other Compensation**

If you're correcting the wages, tips, and other compensation you reported on Form 941, line 2, 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 doesn't apply to Form 941-SS.

If you or the IRS previously corrected the amount reported on Form 941, line 2, enter in column 2 the amount after any previous corrections.

line 6 (column 1)

- line 6 (column 2)

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line 6 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

***Example—Wages, tips, and other compensation increased.*** You reported \$9,000 as total wages, tips, and other compensation on line 2 of your 2023 first quarter Form 941. In May of 2023, you discovered that you had overlooked \$1,000 in tips for one of your employees. To correct the

error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	10,000.00
Column 2 (Form 941, line 2)	- 9,000.00
	<hr/>
Column 3 (difference)	1,000.00

***Example—Wages, tips, and other compensation decreased.*** You reported \$9,000 as wages, tips, and other compensation on line 2 of your 2023 first quarter Form 941. In May of 2023, you discovered that you included \$2,000 in wages for one of your employees twice. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	7,000.00
Column 2 (Form 941, line 2)	- 9,000.00
	<hr/>
Column 3 (difference)	-2,000.00

***Example—Auto allowance; wages, tips, and other compensation increased.*** You paid one of your employees a \$500 monthly auto allowance from October through December 2022, and didn't treat the payments as taxable wages. In February 2023, you realized that the payments were wages because they weren't reimbursements of deductible business expenses that were substantiated and paid under an accountable plan. You correct the error by treating the auto allowance as wages subject to income, social security, and Medicare taxes. Report the additional \$1,500 of wages on Form 941-X, lines 6, 8, 12, and, if applicable, 13.

Be sure to explain the reasons for the corrections on line 43.



*The quarterly amount on line 6, column 1, should be used to figure the annual amount to report on your Forms W-2 or Forms W-2c. This amount should also generally be used for any*

*business expense deduction on your income tax return (or amended return) for wages paid.*

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

If you're correcting the federal income tax withheld from wages, tips, and other compensation you reported on Form 941, line 3, 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. This line doesn't apply to Form 941-SS.

line 7 (column 1)  
- line 7 (column 2)

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line 7 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Copy the amount in column 3 to column 4.  
Include any minus sign shown in column 3.



*Generally, you may correct federal income tax withholding errors only if you discovered the errors in the same calendar year you paid the wages. In addition, for an overcollection, you may correct federal income tax withholding only if you also repaid or reimbursed the employees in the same year. For prior years, you may only correct administrative errors to federal income tax withholding (that is, errors in which the amount reported on Form 941, line 3, isn't the amount you actually withheld from*

*an employee's wages) and errors for which section 3509 rates apply. Only transposition or math errors involving the inaccurate reporting of the amount withheld are administrative errors. See section 13 of Pub. 15 for more information about corrections during the calendar year and about administrative errors. See section 2 of Pub. 15 for more information about section 3509. If section 3509 rates apply, see the instructions for lines 19–22, later.*

*You can't file a Form 941-X to correct federal income tax withholding for prior years for nonadministrative errors. In other words, you can't correct federal income tax actually withheld from an employee in a prior year if you discover that you didn't withhold the right amount. For example, you can't correct federal income tax withheld in a prior year because you used the wrong income tax withholding table or you didn't treat a payment correctly as taxable or nontaxable.*

*Similarly, if you paid federal income tax in a prior year on behalf of your employee, rather than deducting it from the employee's pay (which resulted in additional wages subject to tax), and in a subsequent year you determine that you incorrectly calculated the amount of tax, you can't correct the federal income tax withholding.*

***Example—Prior year nonadministrative error (failure to withhold federal income tax when required).*** You were required to withhold \$400 of federal income tax from an employee's bonus that was paid in December of 2022 but you withheld nothing. You discovered the error on March 13, 2023. You can't file Form 941-X to correct federal income tax withheld reported on your 2022 fourth quarter Form 941 because the error involves a previous year and the amount previously reported for the employee represents the actual amount withheld from the employee during 2022.

***Example—Prior year administrative error (incorrectly reported amount of federal income tax actually withheld).*** You had three employees. In the fourth quarter of 2022, you withheld \$1,000 of federal income tax from Xavier Black, \$2,000 from Sophie Rose, and \$6,000 from Leo Wood. The total amount of federal income tax you withheld was \$9,000. You mistakenly reported \$6,000 on line 3 of your 2022 fourth quarter Form 941. You discovered the error on March 10, 2023. This is an example of an administrative error that may be corrected in a later calendar year because the amount actually withheld from the employees' wages isn't 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.

Column 1 (corrected amount)	9,000.00
Column 2 (Form 941, line 3)	- 6,000.00
Column 3 (difference)	<u>3,000.00</u>

Report the \$3,000 as a tax correction in column 4.

Be sure to explain the reasons for this correction on line 43.

***Example—Nonadministrative error reporting federal income tax because of repayment of wages paid in prior year.***

You prepaid Jack Brown \$4,000 of wages for 2 months of work in September 2022. You withheld \$400 of federal income tax at the time you paid Jack. These amounts were reported on your 2022 third quarter Form 941. Jack left employment in October 2022 (after only 1 month of service). In January 2023, Jack repaid \$2,000 to you for the 1 month Jack didn't work. You can't file Form 941-X to reduce the federal income tax

withheld because you actually withheld the federal income tax from wages. You also can't file Form 941-X to reduce wages because the wages were income to Jack for the prior year. These amounts were correctly reported on Form 941.

## **8. Taxable Social Security Wages**



*Qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, were included on Form 941, line 5a, column 1, and can be adjusted only on Form 941-X, line 8.*

If you're correcting the taxable social security wages you reported on Form 941, line 5a, 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 8 (column 1)

- line 8 (column 2)

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line 8 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.124 and enter that result in column 4.

line 8 (column 3)

x 0.124

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line 8 (column 4) If the amount in column 3 used a minus sign, also use a minus sign in column 4.

**Note.** If you checked the box on Form 941-X, line 4b or line 5c, because you're correcting only the employer share of tax on a decrease to social security wages, use 0.062 (6.2%) when multiplying the amount shown in column 3. If you're 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 your calculations on line 43.

***Example—Social security wages***

***decreased.*** Following *Example—Wages, tips, and other compensation decreased* in the instructions for line 6, the wages that you counted twice were also taxable social security wages. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	7,000.00
Column 2 (Form 941, line 5a, column 1)	- 9,000.00
	-2,000.00
Column 3 (difference)	-2,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	-2,000.00
Tax rate (12.4%)	x 0.124
	<hr/>
Column 4 (tax correction)	-248.00

Be sure to explain the reasons for this correction on line 43.

## **9. Qualified Sick Leave Wages (For Leave Taken After March 31, 2020, and Before April 1, 2021)**



*Adjustments to the social security tax on qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2020, and before April 1, 2021, are reported on Form 941-X, lines 9 and 10, respectively. Adjustments to the nonrefundable portion of the credit for qualified sick and family leave wages for leave*

taken after March 31, 2020, and before April 1, 2021, are reported on Form 941-X, line 17, and adjustments to the refundable portion of the credit are reported on Form 941-X, line 25. Adjustments to qualified health plan expenses allocable to qualified sick leave wages and to qualified family leave wages for leave taken after March 31, 2020, and before April 1, 2021, are reported on Form 941-X, lines 28 and 29, respectively. If you claimed the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, on your original Form 941 for the quarter, and you make any corrections on Form 941-X for the quarter to amounts used to figure this credit, you'll need to refigure the amount of this credit using Worksheet 1. You'll also use this worksheet to figure this credit if you're claiming the credit for the first time on Form 941-X. For more information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

Qualified sick leave wages paid with respect to leave taken after March 31, 2020, and before April 1, 2021, aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062). For more information about qualified sick leave wages, see *Definition of qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021*, later, and go to [IRS.gov/PLC](https://www.irs.gov/PLC). 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 9 (column 2)

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line 9 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.062 and enter that result in column 4.

line 9 (column 3)

x 0.062

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line 9 (column 4) If the amount in column 3 used a minus sign, also use a minus sign in column 4.

**Note.** If you erroneously reported qualified sick leave wages for leave taken after March 31, 2020, and before April 1, 2021, on Form 941, line 5a, instead of on line 5a(i), you'll

need to make a correction on Form 941-X, lines 8 and 9, and enter the properly calculated amount in column 4 for each line.

***Example—Qualified sick leave wages increased.*** You paid \$2,000 of qualified sick leave wages to only one of your employees in the second quarter of 2020. In March 2023, you discovered that you only reported \$1,000 of qualified sick leave wages on Form 941 for the second quarter. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	2,000.00
Column 2 (Form 941, line 5a(i), column 1)	- 1,000.00
Column 3 (difference)	<hr/> 1,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	1,000.00
Tax rate (6.2%)	x 0.062
Column 4 (tax correction)	<hr/> 62.00

Be sure to explain the reasons for this correction on line 43.

### **10. Qualified Family Leave Wages (For Leave Taken After March 31, 2020, and Before April 1, 2021)**

Qualified family leave wages paid with respect to leave taken after March 31, 2020, and before April 1, 2021, aren't subject to the employer share of social security tax; therefore, the tax rate on these wages is 6.2% (0.062). For more information about qualified family leave wages, see *Definition of qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021*, later, and go to [IRS.gov/PLC](https://www.irs.gov/PLC). 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. In column 3, enter the difference between columns 1 and 2.

line 10 (column 1)

- line 10 (column 2)

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line 10 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.062 and enter that result in column 4.

line 10 (column 3)

x 0.062

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line 10 (column 4) If the amount in column 3 used a minus sign, also use a minus sign in column 4.

**Note.** If you erroneously reported qualified family leave wages for leave taken after March 31, 2020, and before April 1, 2021, on Form 941, line 5a, instead of on line 5a(ii), you'll need to make a correction on Form 941-X, lines 8 and 10, and enter the properly calculated amount in column 4 for each line.

***Example—Qualified family leave wages decreased.*** You paid \$1,000 of qualified family leave wages to only one of your employees in the second quarter of 2020. In March 2023, you discovered that you erroneously reported \$3,000 of qualified family leave wages on Form 941 for the

second quarter. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	1,000.00
Column 2 (Form 941, line 5a(ii), column 1)	- 3,000.00
	<hr/>
Column 3 (difference)	-2,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	-2,000.00
Tax rate (6.2%)	x 0.062
	<hr/>
Column 4 (tax correction)	-124.00

Be sure to explain the reasons for this correction on line 43.

## 11. Taxable Social Security Tips

If you're correcting the taxable social security tips you reported on Form 941, line 5b, 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 11 (column 1)

- line 11 (column 2)

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line 11 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.124 and report that result in column 4.

line 11 (column 3)

x 0.124

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line 11 (column 4) If the amount in column 3 used a minus sign, also use a minus sign in column 4.

**Note.** If you checked the box on Form 941-X, line 4b or line 5c, because you're correcting only the employer share of tax on a decrease to social security tips, use 0.062 (6.2%) when multiplying the amount shown in column 3. If you're correcting both shares of tax for some employees and only the employer share for other employees, report the properly calculated amount in column 4. Be sure to show your calculations on line 43.

***Example—Social security tips increased.*** Following *Example—Wages, tips, and other compensation increased* in the instructions for line 6, the tips that you overlooked were also taxable social security tips. To correct the

error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	10,000.00
Column 2 (Form 941, line 5b, column 1)	- 9,000.00
	<hr/>
Column 3 (difference)	1,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	1,000.00
Tax rate (12.4%)	x 0.124
	<hr/>
Column 4 (tax correction)	124.00

Be sure to explain the reasons for this correction on line 43.

## **12. Taxable Medicare Wages & Tips**

If you're correcting the taxable Medicare wages and tips you reported on Form 941, line 5c, 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 12 (column 1)

- line 12 (column 2)

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line 12 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.029 (2.9% tax rate) and enter that result in column 4.

line 12 (column 3)

x 0.029

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line 12 (column 4) If the amount in column 3 used a minus sign, also use a minus sign in column 4.

**Note.** If you checked the box on Form 941-X, line 4b or line 5c, because you're correcting only the employer share of tax on a decrease to Medicare wages and tips, use 0.0145 (1.45%) when multiplying the amount in column 3. If you're 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 explain your calculations on line 43.

***Example—Medicare wages and tips decreased.*** Following *Example—Wages, tips, and other compensation decreased* in the instructions for line 6, the wages that you counted twice were also taxable Medicare wages and tips. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	7,000.00
Column 2 (Form 941, line 5c, column 1)	- 9,000.00
	<hr/>
Column 3 (difference)	-2,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	-2,000.00
Tax rate (2.9%)	x 0.029
	<hr/>
Column 4 (tax correction)	-58.00

Be sure to explain the reasons for this correction on line 43.

### **13. Taxable Wages & Tips Subject to Additional Medicare Tax Withholding**

Generally, you may correct errors to Additional Medicare Tax withholding **only** if you discovered the errors in the same calendar year the wages and tips were paid to

employees. However, you may correct errors to Additional Medicare Tax withholding for prior years if the amount reported on Form 941, line 5d, column 2, isn't the amount you actually withheld, including any amount you paid on behalf of your employee rather than deducting it from the employee's pay (which resulted in additional wages subject to tax). This type of error is an administrative error. The administrative error adjustment corrects the amount reported on Form 941 to agree with the amount actually withheld from employees.

You may also correct errors to Additional Medicare Tax withholding for prior years if section 3509 rates apply. If section 3509 rates apply, see the instructions for lines 19–22, later.

If a prior year error was a nonadministrative error, you may correct only the **wages and tips** subject to Additional Medicare Tax withholding that were originally reported on

Form 941, line 5d, column 1, or previously corrected on Form 941-X. You can't correct the tax reported on Form 941, line 5d, column 2.

**Errors discovered in the same calendar year or prior year administrative errors.**

If you're correcting the taxable wages and tips subject to Additional Medicare Tax withholding that you reported on Form 941, line 5d, 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 13 (column 1)

- line 13 (column 2)

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line 13 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Multiply the amount in column 3 by 0.009 (0.9% tax rate) and enter that result in column 4.

line 13 (column 3)

x 0.009

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line 13 (column 4) If the amount in column 3 used a minus sign, also use a minus sign in column 4.

***Example—Prior year administrative error (incorrectly reported amount of Additional Medicare Tax actually***

***withheld)***. Xavier Black's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in November 2022. The total wages paid to Xavier for 2022 were \$230,000. You withheld \$270 ( $\$30,000 \times 0.009$ ) from Xavier's wages. However, on your fourth quarter 2022 Form 941, you mistakenly reported \$3,000 on line 5d, column 1, and Additional Medicare Tax

withheld of \$27 on line 5d, column 2. You discover the error on March 13, 2023. This is an example of an administrative error that may be corrected in a later calendar year because the amount actually withheld isn't the amount reported on your fourth quarter 2022 Form 941. Use Form 941-X, line 13, to correct the error as shown below.

Column 1 (corrected amount)	30,000.00
Column 2 (Form 941, line 5d, column 1)	- 3,000.00
	<hr/>
Column 3 (difference)	27,000.00

Use the difference in column 3 to determine your tax correction.

Column 3 (difference)	27,000.00
Tax rate (0.9%)	x 0.009
	<hr/>
Column 4 (tax correction)	243.00

Be sure to explain the reasons for this correction on line 43.

**Prior year nonadministrative errors.** You may correct **only** the taxable wages and tips subject to Additional Medicare Tax withholding that you reported on Form 941, line 5d, 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 13 (column 1)

- line 13 (column 2)

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line 13 (column 3) If the amount in column 2 is larger than the amount in column 1, use a minus sign in column 3.

Don't multiply the amount in column 3 by 0.009 (0.9% tax rate). Leave column 4 blank and explain the reasons for this correction on line 43.

***Example—Prior year nonadministrative error (failure to withhold Additional Medicare Tax when required).*** Sophie Rose's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in December 2022. The total wages paid to Sophie for 2022 were \$220,000. You were required to withhold \$180 ( $\$20,000 \times 0.009$ ) but you withheld nothing and didn't report an amount on line 5d of your fourth quarter 2022 Form 941. You discover the error on March 13, 2023. File

Form 941-X to correct wages and tips subject to Additional Medicare Tax withholding for your 2022 fourth quarter Form 941, but you may not correct the Additional Medicare Tax withheld (column 4) because the error involves a previous year and the amount

previously reported for Sophie represents the actual amount withheld from Sophie during 2022.

**Combination of prior year administrative and nonadministrative errors.** If you're reporting both administrative errors and nonadministrative errors for the same quarter of a prior year, 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. However, multiply only the amount of wages and tips reported in column 3 that are related to administrative errors by 0.009 (0.9% tax rate). Don't multiply any wages and tips reported in column 3 that are related to nonadministrative errors by 0.009 (0.9% tax rate). Use line 43 to explain in detail your corrections. The explanation must include the reasons for the corrections and a breakdown of the amount reported in column 3 into the

amounts related to administrative errors and nonadministrative errors.

***Example—Combination of prior year administrative and nonadministrative errors.*** Xavier Black's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in November 2022. The total wages paid to Xavier for 2022 were \$230,000. You withheld \$270 ( $\$30,000 \times 0.009$ ) from Xavier's wages. However, on your fourth quarter 2022 Form 941, you mistakenly reported \$3,000 on line 5d, column 1, and Additional Medicare Tax withheld of \$27 on line 5d, column 2. The difference in wages subject to Additional Medicare Tax related to this administrative error is \$27,000 ( $\$30,000 - \$3,000$ ).

Sophie Rose's wages exceeded the \$200,000 withholding threshold for Additional Medicare Tax in December 2022. The total wages paid to Sophie for 2022 were \$220,000. You were required to withhold \$180 ( $\$20,000 \times 0.009$ )

but you withheld nothing and didn't report Sophie's \$20,000 in wages subject to Additional Medicare Tax withholding on line 5d of your fourth quarter 2022 Form 941.

You discover both errors on March 13, 2023. Use Form 941-X, line 13, to correct the errors as shown below.

Column 1 (corrected amount)	50,000.00
Column 2 (Form 941, line 5d, column 1)	- 3,000.00
Column 3 (difference)	<hr/> 47,000.00

Determine the portion of wages and tips reported in column 3 that is related to the administrative error ( $\$47,000 - \$20,000$  (nonadministrative error) =  $\$27,000$

(administrative error)). Multiply this portion of column 3 by 0.009 (0.9% tax rate) to determine your tax correction.

Difference related to administrative error	27,000.00
Tax rate (0.9%)	x 0.009
Column 4 (tax correction)	243.00

Be sure to explain the reasons for these corrections on line 43. You must also report that \$20,000 of the amount shown in column 3 was related to the correction of a prior year nonadministrative error and \$27,000 of the amount shown in column 3 was related to the correction of an administrative error.

#### **14. Section 3121(q) Notice and Demand—Tax on Unreported Tips**

Enter on line 14 any corrections to amounts reported on Form 941, line 5f, for the tax due from a Section 3121(q) Notice and Demand. The IRS issues a Section 3121(q) Notice and Demand to advise an employer of the amount of tips received by employees who failed to report or underreported tips to the employer.

An employer isn't liable for the employer share of the social security and Medicare taxes on unreported tips until a Section 3121(q) Notice and Demand for the taxes is made to the employer by the IRS.

Be sure to explain the reasons for any corrections on line 43.

## **15. Tax Adjustments**



*For purposes of these instructions, all references to "sick pay" mean ordinary sick pay, not "qualified sick leave wages."*

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.

Enter in column 2 the total originally reported or previously corrected amounts from Form 941, lines 7–9. In column 3, enter the difference between columns 1 and 2.

line 15 (column 1)

-line 15 (column 2)

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line 15 (column 3)



*You may need to report negative numbers in any column. Make sure that the difference you enter in column 3 accurately represents the change to adjustments originally reported or previously corrected on Form 941, lines 7–9.*

Copy the amount in column 3 to column 4. Include any minus sign shown in column 3.

On line 43, describe 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.

***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 8 of your 2022 second quarter Form 941. You didn't report any amounts on lines 7 and 9.

Your third-party sick pay adjustment should've 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 2023. To correct the error, figure the difference on Form 941-X as shown.

Column 1 (corrected amount)	-9,600.00
Column 2 (Form 941, line 8)	- (6,900.00)
Column 3 (difference)	<hr/> -2,700.00

Here is how you would enter the numbers on Form 941-X.

Column 1	Column 2	Column 3
(corrected amount)	(Form 941, line 8)	(difference)
-9,600.00	-6,900.00	-2,700.00

Report “-2,700.00” as your correction in column 4.

In this example, you’re claiming a credit for \$2,700 in overreported tax for your 2022 second quarter Form 941. Always enter the same amount in column 4 (including any minus sign) that you enter in column 3.

Be sure to explain the reasons for this correction on line 43.

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



*The payroll tax credit election must be made on or before the due date of the originally filed income tax return (including extensions). Any election to take the payroll tax credit may be revoked only with the consent of the IRS.*

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.

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in

column 4 or a negative number in column 3 as a positive number in column 4.

You must attach a corrected Form 8974 and explain the reasons for this correction on line 43.

## **17. Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2020, and Before April 1, 2021**



*Form 941-X and these instructions use the terms "nonrefundable" and "refundable" when discussing credits.*

*The term "nonrefundable" means the portion of the credit which is limited by law to certain taxes. The term "refundable" means the portion of the credit which is in excess of those taxes.*

For corrections to Form 941, line 11b, the credit for qualified sick and family leave wages is only available for wages paid with respect to leave taken after March 31, 2020,

and before April 1, 2021. Don't enter an amount on line 17 if you're correcting a quarter that began before April 1, 2020.

If you're correcting the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, 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. For more information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4.

**Definition of qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021.** For purposes of the credit for qualified sick and family leave wages, qualified sick and family leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an employer pays that otherwise meet the requirements of the Emergency Paid Sick Leave Act (EPSLA) or the Emergency Family and Medical Leave Expansion Act (Expanded FMLA), as enacted under the FFCRA and amended by the COVID-related Tax Relief Act of 2020. However, don't include any wages otherwise excluded under sections 3121(b)(1)–(22) when reporting qualified sick and family leave wages on your employment tax return and when figuring the credit on Worksheet 1, Step 2, lines 2a and 2a(i), and on Step 2, lines 2e and 2e(i). Instead, include qualified sick leave wages and qualified family

leave wages excluded from the definition of employment under sections 3121(b)(1)–(22) separately in Step 2, line 2a(iii) and/or line 2e(iii), respectively, before you figure your total credit in Step 2, line 2d (credit for qualified sick leave wages), or Step 2, line 2h (credit for qualified family leave wages). The April 2020 revision and July 2020 revision of the Instructions for Form 941 were released before the COVID-related Tax Relief Act of 2020 was enacted on December 27, 2020; therefore, Worksheet 1, in those Instructions for Form 941, didn't include lines to add the wages that meet an exclusion under sections 3121(b)(1)– (22) when figuring the credits for qualified sick and family leave wages. If your Form 941 for the second, third, or fourth quarter of 2020 didn't claim the correct amount of the credit for qualified sick and family leave wages because you paid qualified sick leave wages and/or qualified family leave wages that meet an exclusion under sections 3121(b)(1)–(22), you may file Form 941-X

and complete Worksheet 1 to claim the correct amount of the credit. You'll also include on Form 941-X, lines 28 and 29, and on Worksheet 1 any qualified health plan expenses allocable to those wages. The appropriate lines related to the exclusions under sections 3121(b)(1)–(22) were added to Worksheet 1 in the first quarter 2021 Instructions for Form 941 (Revised March 2021).

***Example—Nonrefundable portion of credit for qualified sick and family leave wages increased.*** Following Example—Qualified sick leave wages increased in the instructions for line 9, you originally reported a \$1,000 nonrefundable portion of the credit for qualified sick and family leave wages on Form 941, line 11b, for the second quarter of 2020. You use Worksheet 1 to refigure the correct nonrefundable portion of the credit for qualified sick and family leave wages and you determine that the correct credit is now

\$2,000. To correct the error, figure the difference on Form 941-X as

Column 1 (corrected amount)	2,000.00
Column 2 (Form 941, line 11b)	- 1,000.00
	<hr/>
Column 3 (difference)	1,000.00

To properly show the credit increase as a reduction to your tax balance, enter the positive number in column 3 as a negative number in column 4. Here is how you would enter the numbers on Form 941-X, line 17.

Column 1	Column 2	Column 3	Column 4
(corrected amount)	(Form 941, line 11b)	(difference)	(tax correction)
2,000.00	1,000.00	1,000.00	-1,000.00

Be sure to explain the reasons for this correction on line 43.

## **18a. Nonrefundable Portion of Employee Retention Credit**

Use line 18a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.



*Section 206(c) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 removed the restriction on an employer who has received a Small Business Interruption Loan under the Paycheck Protection Program (PPP) from claiming the employee retention credit. The eligible employer can claim the employee retention credit on any qualified wages that aren't counted as payroll costs in obtaining PPP loan forgiveness. Any wages that could count toward eligibility for the employee retention credit or PPP loan forgiveness can be applied to either of these two programs, but not both. If your Form 941 didn't claim the correct amount for the employee retention credit because you received a Small Business*

*Interruption Loan under the PPP, you may file Form 941-X and complete Worksheet 2 to claim the correct amount of the credit. For more information, see Notice 2021-20, 2021-11 I.R.B. 922, available at [IRS.gov/irb/2021-11 IRB#NOT-2021-20](https://www.irs.gov/irb/2021-11_IRB#NOT-2021-20); and Rev. Proc. 2021-33, 2021-34 I.R.B. 327, available at [IRS.gov/irb/2021-34 IRB#REV-PROC-2021-33](https://www.irs.gov/irb/2021-34_IRB#REV-PROC-2021-33).*

## **Instructions for Qualified Wages Paid After March 12, 2020, and Before July 1, 2021**

If you're correcting the nonrefundable portion of the employee retention credit for qualified wages paid after March 12, 2020, and before July 1, 2021, that you reported on Form 941, line 11c, enter the total corrected amount from Worksheet 2, 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.

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for line 17, earlier.

For more information about the employee retention credit for qualified wages paid after March 12, 2020, and before January 1, 2021, see [Notice 2021-20](#). See Notice 2021-23, 2021-16 I.R.B. 1113, available at [IRS.gov/irb/2021-16\\_IRB#NOT-2021-23](#), for more information about the employee retention credit for qualified wages paid after December 31, 2020, and before July 1, 2021. Also see section IV of Notice 2021-49, 2021-34 I.R.B. 316, available at [IRS.gov/irb/2021-34\\_IRB#NOT-2021-49](#); and [Rev. Proc. 2021-33](#).

Be sure to explain the reasons for this correction on line 43.



*Adjustments to the nonrefundable portion of the employee retention credit for qualified wages paid after March 12, 2020, and before July 1, 2021, are reported on Form 941-X, line 18a, and adjustments to the refundable portion of the credit are reported on Form 941-X, line 26a. Adjustments to qualified wages for the employee retention credit are reported on Form 941-X, line 30. Adjustments to qualified health plan expenses allocable to the employee retention credit are reported on Form 941-X, line 31a. Adjustments to qualified wages paid March 13, 2020, through March 31, 2020, for the employee retention credit are reported on Form 941-X, line 33a, and adjustments to qualified health plan expenses allocable to these wages are reported on Form 941-X, line 34. The employee retention credit may only be*

*claimed on Form 941 filed for quarters beginning after March 31, 2020. The employee retention credit for wages paid March 13, 2020, through March 31, 2020, is claimed on Form 941 for the second quarter of 2020; therefore, any corrections to the employee retention credit for the period from March 13, 2020, through March 31, 2020, should be reported on Form 941-X filed for the second quarter of 2020. Don't file Form 941-X for the first quarter of 2020 to report these amounts. If you claimed the employee retention credit on your original Form 941 for the quarter, and you make any corrections on Form 941-X for the quarter to amounts used to figure this credit, you'll need to refigure the amount of the credit using Worksheet 2. You'll also use this worksheet to figure this credit if you're claiming the credit for the first time on Form 941-X.*

## **Instructions for Qualified Wages Paid After June 30, 2021, and Before January 1, 2022**



*The Infrastructure Investment and Jobs Act amends section 3134 of the Internal Revenue Code, as enacted under the ARP, to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are recovery startup businesses, as defined in section 3134(c)(5). Thus, for wages paid after September 30, 2021, and before January 1, 2022, only the wages paid by recovery startup businesses can be qualified wages. See the December 2021 revision of the Instructions for Form 941 for more information about a recovery startup business.*

If you're correcting the nonrefundable portion of the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022, that you reported on Form

941, line 11c, enter the total corrected amount from Worksheet 4, Step 2, line 2h, 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. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1-4 for an employment tax credit, see the instructions for line 17, earlier.

For more information about the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022, see [Notice 2021-49](#) and [Rev. Proc. 2021-33](#). See Notice 2021-65, 2021-51 I.R.B. 880, available at [IRS.gov/irb/2021-51\\_IRB#NOT-2021-65](https://www.irs.gov/irb/2021-51_IRB#NOT-2021-65), for modifications to Notice 2021-49.

Be sure to explain the reasons for this correction on line 43.



*Adjustments to the nonrefundable portion of the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022, are reported on Form 941-X, line 18a, and adjustments to the refundable portion of the credit are reported on Form 941-X, line 26a. Adjustments to qualified wages for the employee retention credit are reported on Form 941-X, line 30. Adjustments to qualified health plan expenses allocable to the employee retention credit are reported on Form 941-X, line 31a. If you claimed the employee retention credit on your original Form 941 for the quarter, and you make any corrections on Form 941-X for the quarter to amounts used to figure this credit, you'll need to refigure the amount of the credit using Worksheet 4. You'll also use this worksheet to*

*figure this credit if you're claiming the credit for the first time on Form 941-X.*

### **18b. Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021, and Before October 1, 2021**

For corrections to Form 941, line 11d, the credit for qualified sick and family leave wages is only available for wages paid with respect to leave taken after March 31, 2021, and before October 1, 2021. Don't enter an amount on line 18b if you're correcting a quarter that began before April 1, 2021.

If you're correcting the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, that you reported on Form 941, line 11d, enter the total corrected amount from Worksheet 3, Step 2, line 2r, 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. For more information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

Copy the amount in column 3 to column 4. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for line 17, earlier.

**Definition of qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021.**

For purposes of this credit, qualified sick leave wages and qualified family leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an

employer pays that otherwise meet the requirements of the EPSLA or Expanded FMLA, as enacted under the FFCRA and amended for purposes of the ARP. Taxable qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021, were included on Form 941, line 5a, column 1, and can be adjusted only on Form 941-X, line 8. Total qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, including any qualified leave wages that were above the social security wage base and any qualified leave wages excluded from the definition of employment under sections 3121(b)(1)–(22), were included on Form 941, lines 23 and 26, respectively, and can be adjusted only on Form 941-X, lines 35 and 38, respectively. Use Worksheet 3 to figure your credit.

Be sure to explain the reasons for this correction on line 43.

## **18c. Nonrefundable Portion of COBRA Premium Assistance Credit**

The COBRA premium assistance was available for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. For more information, see *Credit for COBRA premium assistance payments is limited to periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021* under *Reminders*, earlier. Use line 18c only for corrections to quarters beginning after March 31, 2021.



*Premium payees that receive an election from an assistance eligible individual are entitled to the COBRA premium assistance credit for premiums not paid during the quarter in which the election is received. See [Notice 2021-31](#) for more information.*

If you're correcting the nonrefundable portion of the COBRA premium assistance credit that you reported on Form 941, line 11e, enter the total corrected amount from Worksheet 5, Step 2, line 2g, 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. However, to properly show the amount as a credit or balance due item, enter a positive number in column 3 as a negative number in column 4 or a negative number in column 3 as a positive number in column 4. For an example of how to report amounts in columns 1–4 for an employment tax credit, see the instructions for line 17, earlier.

Be sure to explain the reasons for this correction on line 43.

## **18d. Number of Individuals Provided COBRA Premium Assistance**

Use line 18d only for corrections to quarters beginning after March 31, 2021.

If you're correcting the number of individuals provided COBRA premium assistance that you reported on Form 941, line 11f, 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.

Be sure to explain the reasons for this correction on line 43.

## **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.

**Note.** Section 3509 rates aren't available if you intentionally disregarded the requirements to withhold taxes from the employee, or if you withheld federal income tax but didn't withhold social security and Medicare taxes. Section 3509 rates are also not available for certain statutory employees.

On lines 19–22, enter **only** corrections to wages resulting from reclassifying certain workers as employees when section 3509 rates are used to calculate the taxes.

If the employer issued the required information returns, use the section 3509 rates as follows.

- For social security taxes, use the employer rate of 6.2% plus 20% of the employee rate of 6.2%, for a total rate of 7.44% of wages.
- For Medicare taxes, use the employer rate of 1.45% plus 20% of the employee rate of 1.45%, for a total rate of 1.74% of wages.
- For Additional Medicare Tax, 0.18% (20% of the employee rate of 0.9%) of wages subject to Additional Medicare Tax.
- For federal income tax withholding, the rate is 1.5% of wages.
- If the employer didn't issue the required information returns, use the section 3509 rates as follows.

- For social security taxes, use the employer rate of 6.2% plus 40% of the employee rate of 6.2%, for a total rate of 8.68% of wages.
- For Medicare taxes, use the employer rate of 1.45% plus 40% of the employee rate of 1.45%, for a total rate of 2.03% of wages.
- For Additional Medicare Tax, 0.36% (40% of the employee rate of 0.9%) of wages subject to Additional Medicare Tax.
- For federal income tax withholding, the rate is 3.0% of wages.

Unlike some other lines on Form 941-X, enter in column 1 only the corrected wages for workers being reclassified, not the amount paid to **all** employees. Enter in column 2 previously reported wages (if any) to reclassified employees. To get the amount for column 4, use the applicable section 3509

rates. If you filed the required information returns for some employees but didn't file them for other employees, be sure to use the applicable rates for each employee when calculating the amounts in column 4 and show your calculations on line 43. The tax correction in column 4 will be a positive number if you increased the amount of wages you previously reported. See the instructions for line 42, later, for more information.

### **23. Subtotal**

Combine the amounts from column 4 on lines 7–22 and enter the result on line 23.

**Example.** You entered "1,400.00" in column 4 on line 7, "-500.00" in column 4 on line 8, and "-100.00" in column 4 on line 12.

Combine these amounts and enter "800.00" in column 4 on line 23.

Line 7	1,400.00
Line 8	(500.00)
Line 12	+ (100.00)
	<hr/>
Line 23	800.00

## **24. Deferred Amount of Social Security Tax**

Use Form 941-X, line 24, if you need to correct the deferred amount of the employer share of social security tax for the second, third, or fourth quarter of 2020, and/or the deferred amount of the employee share of social security tax for the third or fourth quarter of 2020, 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.