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Almost every form and publication also has its own page on IRS.gov. For example, the Form 1040 page is at [IRS.gov/Form1040](https://www.irs.gov/Form1040); the Publication 17 page is at [IRS.gov/Pub17](https://www.irs.gov/Pub17); the Form W-4 page is at [IRS.gov/W4](https://www.irs.gov/W4); and the Schedule A (Form 1040) page is at [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA). If typing in a link above instead of clicking on it, be sure to type the link into the address bar of your browser, not in a Search box. Note that these are friendly shortcut links that will automatically go to the actual link for the page.

If you wish, you can submit comments about draft or final forms, instructions, or publications at [IRS.gov/FormsComments](https://www.irs.gov/FormsComments). We cannot respond to all comments due to the high volume we receive. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

Schedule R (Form 940): Allocation Schedule for Aggregate Form 940 Filers

OMB No. 1545-0028

(Rev. December 2017)

Department of the Treasury — Internal Revenue Service

860517

Employer identification number (EIN) -

Name as shown on Form 940

Type of filer (check one): Section 3504 Agent Certified Professional Employer Organization (CPEO)

Report for calendar year:
(Same as Form 940):

Read the instructions before you complete Schedule R (Form 940). Type or print within the boxes. Complete a separate line for the amounts allocated to each of your clients. The term "client" as used on this form includes the term "customer." See the instructions.

(a) Client's Employer Identification Number (EIN)	(b) State abbreviation from Form 940, line 1a, or Schedule A (Form 940)	(c) Type of wages, tips, and other compensation (CPEO use only)	(d) Total taxable FUTA wages allocated to the listed client EIN from Form 940, line 7	(e) Total adjustments to FUTA tax allocated to the listed client EIN from Form 940, line 9 or line 10	(f) Credit reduction amount allocated to the listed client EIN from Form 940, line 11	(g) Total FUTA tax after adjustments allocated to the listed client EIN from Form 940, line 12	(h) Total FUTA tax deposits from Form 940, line 13, plus any payment made with the return allocated to the listed client EIN
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16 Subtotals for clients. Add all amounts on lines 1 through 15.		
17 Enter the combined subtotal from line 23 of all Continuation Sheets for Schedule R (Form 940).		
18 Enter Form 940 amounts for your employees.		
19 Totals. Add lines 16, 17, and 18. The column totals must match the related lines on the aggregate Form 940.		

Continuation Sheet for Schedule R (Form 940)

(Rev. December 2017)

DRAFT AS OF
October 26, 2017
DO NOT FILE

860517

Employer identification number (EIN) -

Name as shown on Form 940

Type of filer (check one): Section 3504 Agent Certified Professional Employer Organization (CPEO)

Report for calendar year:
(Same as Form 940):

	(a) Client's Employer Identification Number (EIN)	(b) State abbreviation from Form 940, line 1a, or Schedule A (Form 940)	(c) Type of wages, tips, and other compensation (CPEO use only)	(d) Total taxable FUTA wages allocated to the listed client EIN from Form 940, line 7	(e) Total adjustments to FUTA tax allocated to the listed client EIN from Form 940, line 9 or line 10	(f) Credit reduction amount allocated to the listed client EIN from Form 940, line 11	(g) Total FUTA tax after adjustments allocated to the listed client EIN from Form 940, line 12	(h) Total FUTA tax deposits from Form 940, line 13, plus any payment made with the return allocated to the listed client EIN
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23	Subtotals for clients. Add lines 1 through 22. Include the subtotals from line 23 on Schedule R (Form 940), line 17.		

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

Future Developments

For the latest information about developments related to Schedule R and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form940.

What's New

A certified professional employer organization (CPEO) must attach Schedule R to its aggregate Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.

General Instructions

Purpose of Schedule R

Use Schedule R to allocate the aggregate information reported on Form 940 to each client. For purposes of Schedule R, the term "client" means (a) a home care service recipient identified on the Form 2678, Employer/Payer Appointment of Agent; (b) a customer who enters into a contract that meets the requirements under section 7705(e)(2); or (c) a client who enters into a service agreement described under Regulations section 31.3504-2(b)(2) with a CPEO. If you have more than 15 clients, complete as many continuation sheets as necessary. Attach Schedule R, including any continuation sheets, to your aggregate Form 940.

Who Must File?

You must complete Schedule R if you file an aggregate Form 940. Aggregate Forms 940 are filed by agents of home care service recipients approved by the IRS under section 3504 and by CPEOs. To request approval to act as an agent for a home care service recipient, you must file Form 2678 with the IRS, unless you are a state or local government agency acting as agent under the special procedures provided in Rev. Proc. 2013-39. Form 2678 must be previously filed and approved by the IRS before filing Schedule R. To become a CPEO, you must apply through the IRS Online Registration System. Visit www.irs.gov/CPEO for more information.

When Must You File?

If you're an aggregate Form 940 filer, file Schedule R with your aggregate Form 940 every year when your Form 940 is due. Agents may file Form 940 and Schedule R electronically or by paper submission. CPEOs generally must file Form 940 and Schedule R electronically. For more information about a CPEO's requirement to file electronically, see Rev. Proc. 2017-14, 2017-3 I.R.B. 426, available at www.irs.gov/irb/2017-03_IRB/ar14.html.

Specific Instructions

Completing Schedule R

Enter Your Business Information

Carefully enter your employer identification number (EIN) and the name of your business at the top of the schedule. Make sure they exactly match the EIN and name shown on the attached Form 940. Check one of the "Type of filer" boxes to tell us if you're a section 3504 agent or a CPEO.

Calendar Year

Enter the calendar year for which you are filing your Form 940. Make sure that the year entered on the top of Schedule R matches the year on the attached Form 940.

Client and Employee Information

On Schedule R, including any continuation sheets, you must report the following for each client.

Note: When entering amounts over 999.99 on Schedule R, don't enter commas.

Column a. Your client's EIN.

Column b. The state abbreviation of the client's location.

Column c (CPEO Use Only). Type of wages, tips, and other compensation. Enter a code to report the type of wages, tips, and other compensation paid to the individual(s) performing services for the client. If you paid more than one type of wages, tips, or other compensation, you must use more than one line to report for that client and enter the applicable code for each line. The following four codes are the only entries that can be made in column c.

- A: Wages, tips, and other compensation paid under section 3511(a).
- B: Wages, tips, and other compensation paid under section 3511(c).
- C: Wages, tips, and other compensation not reported under Code A or Code B paid as a payor under a service agreement described in Regulations section 31.3504-2(b)(2).
- D: Wages, tips, and other compensation paid as an agent under Regulations section 31.3504-1.

Column d. Total taxable FUTA wages allocated to the listed client EIN from Form 940, line 7.

Column e. Total adjustments to FUTA tax allocated to the listed client EIN from Form 940, line 9 or 10.

Column f. Credit reduction amount allocated to the listed client EIN from Form 940, line 11.

Column g. Total FUTA tax after adjustments allocated to the listed client EIN from Form 940, line 12.

Column h. Total FUTA tax deposits from Form 940, line 13, plus any other payments allocated to the listed client EIN.

You must also report the same information for your employees on Schedule R, line 18.

Compare the total of each column on Schedule R, line 19 (including your information from Schedule R, line 18) to the amounts reported on the aggregate Form 940. For each column total, the relevant line from Form 940 is noted in the column heading.

If the totals on Schedule R, line 19, don't match the totals on Form 940, there is an error that must be corrected before submitting Form 940 and Schedule R.

Paperwork Reduction Act Notice. We ask for the information on Schedule R to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You're 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.

The time needed to complete and file Schedule R will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	11 hr.
Learning about the law or the form	18 min.
Preparing, copying, and assembling the form	29 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Schedule R simpler, we would be happy to hear from you. You can send us comments from www.irs.gov/FormComments. Or you can send your comments to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave., NW, IR-6526, Washington, DC 20224. Don't send Schedule R to this address. Instead, see *Where Do You File?* in the Instructions for Form 940.