



Instructions for Schedule R (Form 943)

(December 2020)

Allocation Schedule for Aggregate Form 943 Filers

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 [IRS.gov/Form943](https://www.irs.gov/Form943).

What's New

Schedule R has been redesigned to allow the new lines from the 2020 revision of Form 943 to be reported on Schedule R.

General Instructions

Purpose of Schedule R

Use Schedule R to allocate the aggregate information reported on Form 943 to each client. For purposes of Schedule R, the term "client" means (a) an "employer or payer" 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); (c) a client who enters into a service agreement described under Regulations section 31.3504-2(b)(2) with a certified professional employer organization (CPEO); (d) a client who enters into a service agreement described under Regulations section 31.3504-2(b)(2) with a non-certified professional employer organization (PEO); or (e) a third party paying qualified sick leave wages as an agent for the employer under Regulations section 32.1(e)(3). If you have more than five clients, complete as many continuation sheets as necessary. Attach Schedule R, including any continuation sheets, to your aggregate Form 943.

Who Must File?

Agents approved by the IRS under section 3504 and CPEOs must complete Schedule R each time they file an aggregate Form 943. To request approval to act as an agent for an employer under section 3504, the agent must file Form 2678 with the IRS. Form 2678 must be previously filed and approved by the IRS before filing Schedule R. To become a CPEO, the organization must apply through the IRS Online Registration System. Visit the IRS website at [IRS.gov/CPEO](https://www.irs.gov/CPEO) for more information. Other third-party payers that file aggregate Forms 943, such as non-certified PEOs, must complete and file Schedule R if they have clients that are claiming the qualified small business payroll tax credit for increasing research activities, the credit for qualified sick and family leave wages, or the employee retention credit, or clients deferring the employer and/or employee share of social security tax. Third-party payers other than agents approved by the IRS under section 3504 and CPEOs need to include client-by-client amounts only for those clients claiming one or more of these credits and/or deferrals. Amounts for clients not claiming any of these credits or deferrals are included on Schedule R, page 1, line 8.

When Must You File?

If you're an aggregate Form 943 filer, file Schedule R with your aggregate Form 943 every year. Agents and non-certified PEOs may file Form 943 and Schedule R electronically or by paper submission. CPEOs must generally file Form 943 and Schedule R electronically. However, CPEOs are permitted to file a paper Form

943 and its accompanying schedules in lieu of electronic submissions for calendar year 2020. For more information about a CPEO's requirement to file electronically, and the waiver for 2020, see Rev. Proc. 2017-14, 2017-3 I.R.B. 426, available at [IRS.gov/irb/2017-03_IRB#RP-2017-14](https://www.irs.gov/irb/2017-03_IRB#RP-2017-14), and Notice 2020-35, 2020-25 I.R.B. 948, available at [IRS.gov/irb/2020-25_IRB#NOT-2020-35](https://www.irs.gov/irb/2020-25_IRB#NOT-2020-35).

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 943. Check one of the "Type of filer" boxes to tell us if you're a section 3504 agent, CPEO, or any other type of third party (for example, a non-certified PEO).

Calendar Year

Enter the calendar year of the Form 943 to which Schedule R is attached.

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. The client's EIN.

Column b (CPEO Use Only). 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 b.

- A: Wages and other compensation paid under section 3511(a).
- B: Wages and other compensation paid under section 3511(c).
- C: Wages 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 and other compensation paid as an agent under Regulations section 31.3504-1.

Column c. Number of agricultural employees employed in the pay period that includes March 12 for the listed client from Form 943, line 1.

Column d. Wages subject to social security tax allocated to the listed client EIN from Form 943, line 2.

Column e. Qualified sick leave wages allocated to the listed client EIN from Form 943, line 2a.

Column f. Qualified family leave wages allocated to the listed client EIN from Form 943, line 2b.

Column g. Wages subject to Medicare tax allocated to the listed client EIN from Form 943, line 4.

Column h. Wages subject to Additional Medicare Tax withholding allocated to the listed client EIN from Form 943, line 6.

Column i. Federal income tax withheld allocated to the listed client EIN from Form 943, line 8.

Column j. Current year's adjustments allocated to the listed client EIN from Form 943, line 10.

Column k. Qualified small business payroll tax credit for increasing research activities allocated to the listed client EIN from Form 943, line 12a. You must attach a separate Form 8974 for each client claiming this credit.

Column l. Nonrefundable portion of credit for qualified sick and family leave wages allocated to the listed client EIN from Form 943, line 12b.

Column m. Nonrefundable portion of employee retention credit allocated to the listed client EIN from Form 943, line 12c.

Column n. Total taxes after adjustments and nonrefundable credits allocated to the listed client EIN from Form 943, line 13.

Column o. Total deposits for the year, including overpayment applied from a prior year and overpayments applied from Form 943-X or Form 943-X (PR) filed in the current year allocated to the listed client EIN from Form 943, line 14a. Include any payment made with the return allocated to the listed client EIN.

Column p. Deferred amount of the employer share of social security tax allocated to the listed client EIN from Form 943, line 14b.

Column q. Deferred amount of the employee share of social security tax allocated to the listed client EIN from Form 943, line 14c.

Column r. Refundable portion of credit for qualified sick and family leave wages allocated to the listed client EIN from Form 943, line 14d.

Column s. Refundable portion of employee retention credit allocated to the listed client EIN from Form 943, line 14e.

Column t. Total advances received from filing Form(s) 7200 for the year allocated to the listed client EIN from Form 943, line 14g.

Column u. Qualified health plan expenses allocable to qualified sick leave wages allocated to the listed client EIN from Form 943, line 18.

Column v. Qualified health plan expenses allocable to qualified family leave wages allocated to the listed client EIN from Form 943, line 19.

Column w. Qualified wages for the employee retention credit allocated to the listed client EIN from Form 943, line 20.

Column x. Qualified health plan expenses allocable to wages reported on Form 943, line 20, allocated to the listed client EIN from Form 943, line 21.

Column y. Credit to be claimed on Form 5884-C, line 11, for the year allocated to the listed client EIN from Form 943, line 22.

Line 6. Enter the subtotals for clients for column c through column y.

Line 7. Enter the combined subtotal from line 9 of all Continuation Sheets for Schedule R for column c through column y.

Line 8. Enter Form 943 amounts for your employees for column c through column y. Non-certified PEOs and third-party payers of sick pay as agents for the employer must consolidate and include on line 8 any amounts for clients that aren't reported individually on Schedule R.

Line 9. Enter the totals of lines 6, 7, and 8 for column c through column y. The totals on line 9 must match the totals on the aggregate Form 943. If the totals don't match, there is an error that must be corrected before filing Form 943 and Schedule R.

Continuation Sheet for Schedule R (Form 943)

Columns a through y. See the instructions under [Completing Schedule R](#), earlier.

Line 9. Enter subtotals for clients from lines 1 through 8 for column c through column y.

Paperwork Reduction Act Notice

We ask for the information on Schedule R to carry out the Internal Revenue laws of the United States. You're required to give us this information. We need it to ensure that you're 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 Code section 6103.

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

Recordkeeping	20 hr., 34 min.
Learning about the law or the form	12 min.
Preparing and sending the form to the IRS.	32 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 [IRS.gov/FormComments](https://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 To File* in the Instructions for Form 943.