



# Instructions for Form 941-SS

(Rev. January 2007)

## Employer's QUARTERLY Federal Tax Return—American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands

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

### What's New

**Social security wage base for 2007.** Stop withholding social security tax after an employee reaches \$97,500 in taxable wages during 2007. (There is no limit on the amount of wages subject to Medicare tax.)

### Reminders

**Reporting negative amounts.** When reporting a negative amount as a tax adjustment on line 7, use a "minus sign" instead of parentheses. Doing so enhances the accuracy of our scanning software. For example, report "-10.59" instead of "(10.50)." However, if your software only allows for parentheses in reporting negative amounts, you may use them.

**Annual employment tax filing for certain employers.** Certain small employers will be qualified to file Form 944-SS, Employer's ANNUAL Federal Tax Return, rather than Form 941-SS, Employer's QUARTERLY Federal Tax Return, to report their employment taxes. The IRS will notify those who will qualify to file Form 944-SS in February of each year. For more information, get the Instructions for Form 944-SS.

**Correcting Form 941-SS.** If you discover an error on a previously filed Form 941-SS, make the correction using Form 941-SS for the quarter in which you discovered the error and attach Form 941c, Supporting Statement to Correct Information. For example, in March 2007, you discover that you underreported \$10,000 in social security and Medicare wages on your fourth quarter 2006 Form 941-SS. Correct the error by showing \$1,530 ( $15.3\% \times \$10,000$ ) on line 7e of your 2007 first quarter Form 941-SS and attaching a completed Form 941c. Be sure to include the \$1,530 in any required deposit.

**Credit card payments.** Employers can pay the balance due shown on Form 941-SS by credit card. However, do not use a credit card to make federal tax deposits. For more information on paying your taxes with a credit card, visit the IRS website at [www.irs.gov](http://www.irs.gov) and type "e-pay" in the *Search* box.

**Electronic filing and payment.** Now, more than ever before, businesses can enjoy the benefits of filing and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, IRS offers you convenient programs to make filing and paying easier. Spend less time and worry on taxes and more time running your business. Use e-file and Electronic Federal Tax Payment System (EFTPS) to your benefit.

- For e-file, visit [www.irs.gov](http://www.irs.gov) for additional information.
- For EFTPS, visit [www.eftps.gov](http://www.eftps.gov) or call EFTPS Customer Service at 1-800-555-4477 (U.S. Virgin Islands only) or 720-332-3780 (toll call).

**Where can you get telephone help?** You can call the IRS toll free at 1-800-829-4933 (U.S. Virgin Islands only) or

215-516-2000 (toll call) to order tax deposit coupons (Form 8109) and for answers to your questions about completing Form 941-SS, tax deposit rules, or obtaining an employer identification number (EIN). Or visit the IRS website at [www.irs.gov](http://www.irs.gov) and type "Employment Tax" in the *Search* box.

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## General Instructions: Understanding Form 941-SS

### Purpose of Form 941-SS

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Use Form 941-SS, Employer's QUARTERLY Federal Tax Return, to report social security and Medicare taxes for workers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

Pub. 80 (Circular SS), Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, explains the requirements for withholding, depositing, and paying social security and Medicare taxes. It explains the forms you must give your employees, those your employees must give you, and those you must send to the IRS. See Pub. 15-A, Employer's Supplemental Tax Guide, for specialized employment tax information supplementing the basic information provided in Pub. 80 (Circular SS).

### Who Must File Form 941-SS?

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Generally, you must file a return for the first quarter in which you pay wages subject to social security and Medicare taxes, and for each quarter thereafter until you file a final return. Use Form 941-SS if your principal place of business is in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, or the U.S. Virgin Islands, or if you have employees who are subject to income tax withholding for these jurisdictions.

Once you have filed a return, a preaddressed Form 941-SS will be sent to you every 3 months. You must file a return each quarter, even if you have no tax liability to report unless you file a final return. However, see *Seasonal Employers* and *Agricultural and Household Employers* below. If the form fails to reach you, request one in time to file. See *Where Can You Obtain Forms?* on page 2.

### Seasonal Employers

Seasonal employers are not required to file for quarters when they regularly have no tax liability because they have paid no wages. To alert the IRS that you will not have to file a return for one or more quarters during the year, check the box in line 17 on Form 941-SS. The IRS will mail you two Forms 941-SS once a year after March 1. The preprinted information will not include the date the quarter ended. You must enter the date the quarter ended when you file the return. The IRS generally will not inquire about unfiled returns if at least one taxable return is filed each year.

However, you must check the box in line 17 on every quarterly return you file. Otherwise, the IRS will expect a return to be filed for each quarter.

## Final Return

If you go out of business or stop paying wages, file a final return. Be sure to check the box in line 16 and enter the date that you last paid wages. See *Terminating a business* in the Form W-3SS instructions for information on the earlier due dates for the expedited furnishing and filing of Forms W-2AS, W-2CM, W-2GU, or Form W-2VI when a final Form 941-SS is filed.

## Agricultural and Household Employers

**Agricultural employers.** Agricultural wages must be reported on Form 943, Employer's Annual Federal Tax Return for Agricultural Employees, not on Form 941-SS.

**Household employers.** Employers who report wages for household employees should see Pub. 80 (Circular SS) and Pub. 926, Household Employer's Tax Guide.

## When Must You File?

File Form 941-SS for each quarter of the calendar year, as follows:

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

If you made deposits on time in full payment of the taxes for a quarter, you have 10 more calendar days after the above due dates to file your return for that quarter. If the due date for filing a return falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.

## Where Should You File?

Mail Form 941-SS to:

Form 941-SS with payment	Internal Revenue Service P. O. Box 105273 Atlanta, GA 30348-5273
Form 941-SS without payment	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409

## Where Can You Obtain Forms?

See Pub. 80 (Circular SS) for information on ordering IRS forms by telephone, mail, or online. You may also be able to get some IRS forms at the addresses listed below.

**American Samoa.** Department of Treasury, Income Tax Division, Government of American Samoa, Executive Office Bldg., First Floor, Pago Pago, AS 96799.

**Commonwealth of the Northern Mariana Islands.** Administrator, CNMI Social Security System, Saipan, MP 96960.

**Guam.** Department of Revenue and Taxation, Government of Guam, Building 13-1 Mariner Avenue, Tiyjan Barrigada, GU 96913.

**U.S. Virgin Islands.** V.I. Bureau of Internal Revenue, 9601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802.

## How Should You Complete Form 941-SS?

### Preprinted Name and Address Information

If your preprinted name, EIN, or address information on Form 941-SS is not correct, cross it out and type or print the correct information. However, do not change any of the preprinted information on your Form 941-V(SS), Payment Voucher.

### Employer Identification Number (EIN)

To make sure that businesses comply with federal tax laws, the IRS monitors tax filings and payments by using a numerical system to identify taxpayers. A unique 9-digit employer identification number (EIN) is assigned to all corporations, partnerships, and some sole proprietors. Businesses needing an EIN must apply for a number and use it throughout the life of the business on all tax returns, payments, and reports.

Your business should have only one EIN. If you have more than one and are not sure which one to use, write to the IRS office where you file your returns (using the "without payment" address above) or call the IRS Business & Specialty Tax Line at 1-800-829-4933 (U.S. Virgin Islands only) or 215-516-6999 (toll call). TTY/TDD users in the U.S. Virgin Islands can call 1-800-829-4059.

If you do not have an EIN, apply for one from the IRS by mail, by telephone, by fax, or by visiting the IRS website at [www.irs.gov/smallbiz](http://www.irs.gov/smallbiz). Request Form SS-4, Application for Employer Identification Number. If you do not have an EIN by the time a return is due, write "Applied For" and the date you applied in the space shown for the number.

**TIP** Always make certain that the EIN on the form you file matches the EIN assigned to your business by the IRS. Filing a Form 941-SS with an incorrect EIN or using the EIN of another business may result in penalties and delays in processing your return.

### Check the Box for the Quarter

Under *Report for this Quarter of 2007* at the top of the form, check the appropriate box of the quarter for which you are filing. Make sure that the quarter checked is the same as shown on any attached Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors.

### Completing and Filing the Form

Make entries on Form 941-SS as follows to enable accurate scanning and processing.

- 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.)
- Leave blank any data field (except lines 1 or 8) with a value of zero.
- Enter negative amounts using a minus sign (if possible). Otherwise, use parentheses.
- Enter your name and EIN on **all** pages and attachments. (Filers using the IRS-preaddressed Form 941-SS are not required to enter their name and EIN on page 2.)

### What About Penalties and Interest?

#### Avoiding penalties and interest

You can avoid paying penalties and interest if you:

- deposit your taxes when they are due using EFTPS if required,

- file your fully completed Form 941-SS on time,
- report your tax liability accurately,
- submit valid checks to the IRS,
- furnish accurate Forms W-2AS, W-2CM, W-2GU, or W-2VI to employees, and
- file Copies A of Form W-2AS, W-2CM, W-2GU, or W-2VI with the Social Security Administration (SSA) on time and accurately.

Penalties and interest are charged on taxes paid late and returns filed late at a rate set by law. See section 8 of Pub. 80 (Circular SS) for details.



**A trust fund recovery penalty may apply if social security and Medicare taxes that must be withheld are not withheld or are not paid. Under this penalty, certain officers or employees of a corporation, employees of a sole proprietorship, or certain members or employees of a partnership become personally liable for payment of the taxes and are penalized an amount equal to the unpaid taxes. See section 8 of Pub. 80 (Circular SS) for details.**

## Reconciling Forms 941-SS and W-3SS

The IRS matches amounts reported on your four quarterly Forms 941-SS with Form W-2AS, W-2CM, W-2GU, or W-2VI amounts totaled on your yearly Form W-3SS, Transmittal of Wage and Tax Statements. If the amounts do not agree, the IRS or SSA may contact you. The reconciled amounts are for all the following items.

- Social security wages.
- Social security tips.
- Medicare wages and tips.

Use Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations, to explain certain wage, tax, and payment discrepancies between Forms 941-SS and Forms W-2AS, W-2CM, W-2GU, W-2VI, W-3SS, and W-2c that were caused by acquisitions, statutory mergers, or consolidations. For more information, get the instructions for Schedule D (Form 941). Also see Rev. Proc. 2004-53 for more information. You can find Rev. Proc. 2004-53 on page 320 of Internal Revenue Bulletin 2004-34 at [www.irs.gov/pub/irs-irbs/irb04-34.pdf](http://www.irs.gov/pub/irs-irbs/irb04-34.pdf).

## Adjustment of Tax on Tips

If, by the 10th of the month after the month you received an employee's report on tips, you do not have enough employee funds available to withhold the employee's share of social security and Medicare taxes, you no longer have to collect it. Report the entire amount of these tips on lines 5b (Taxable social security tips) and 5c (Taxable Medicare wages and tips). Include as an adjustment on line 7c the total uncollected employee share of the social security and Medicare taxes.

## When and How Must You Deposit Your Taxes?

You may pay the taxes with Form 941-SS instead of depositing if your total taxes after adjustments for the quarter (line 8) are less than \$2,500 and you pay in full with a timely filed return.

If your total taxes after adjustments (line 8) are \$2,500 or more for the quarter, you must deposit your tax liabilities at an authorized financial institution with Form 8109, Federal Tax Deposit Coupon, or by using the Electronic Federal Tax Payment System (EFTPS).

To get more information or to enroll in EFTPS, you may call 1-800-555-4477 (or 720-332-3780 for territories unable

to use the toll-free numbers) or visit the EFTPS website at [www.eftps.gov](http://www.eftps.gov).

If you are required to deposit your tax liabilities (see above), you must deposit either once a month (monthly schedule depositor) or up to twice a week (semiweekly schedule depositor) depending on how often you pay your employees and whether your taxes during the lookback period exceeded \$50,000. Generally, you will be notified by the IRS in November of your depositor status for the next year.

See section 8 of Pub. 80 (Circular SS) for detailed information and rules concerning federal tax deposits and to determine your status as a monthly or semiweekly depositor.

## Specific Instructions:

### Part 1: Answer these questions for this quarter.

Employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands are not required to complete lines 2, 3, 6, 7d, 7f, 9, 10, and 14.

#### 1. Number of employees who received wages, tips, or other compensation for the pay period including:

Tell us the number of employees on your payroll for the pay period including March 12, June 12, September 12, or December 12 for the quarter indicated at the top of the return. Do not include:

- household employees,
- employees in nonpay status for the pay period,
- farm employees,
- pensioners, or
- active members of the Armed Forces.

If you enter "250" or more on line 1, you must file Forms W-2 electronically. For details, call the SSA at 1-800-772-6270 or visit SSA's Employer Reporting Instructions and Information website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).

#### 4. If no wages, tips, and other compensation are subject to social security or Medicare tax . . .

If no wages, tips, and compensation are subject to social security or Medicare tax, check the box on line 4. If this question does not apply to you, leave the box blank. For more information about exempt wages, see section 12 of Pub. 80 (Circular SS) and section 4 of Pub. 15-A, Employer's Supplemental Tax Guide.



**If you are a government employer, wages that you pay are not automatically exempt from social security and Medicare taxes. Your employees may be covered by law or by a voluntary Section 218 Agreement with SSA. For more information, see Pub. 963, Federal-State Reference Guide.**

#### 5. Taxable social security and Medicare wages and tips

**5a. Taxable social security wages.** Report the total wages, sick pay, or fringe benefits subject to social security taxes that you paid to your employees during the quarter. For this purpose, sick pay includes payments made by an insurance company to your employees for which you

received timely notice from the insurance company. See section 6 in Pub. 15-A for more information about sick pay reporting.

Enter the amount before deductions. Do not include tips on this line. For information on types of wages subject to social security taxes, see section 4 of Pub. 80 (Circular SS).

The rate of social security tax on taxable wages is 6.2 percent (.062) each for the employer and employee or 12.4 percent (.124) for both. Stop paying social security tax on and reporting an employee's wages on line 5a when the employee's taxable wages (including tips) reach \$97,500 during 2007. However, continue to withhold Medicare taxes for the whole year on wages and tips even when the social security wage base of \$97,500 has been reached.

$$\begin{array}{r} \text{line 5a (column 1)} \\ \times .124 \\ \hline \text{line 5a (column 2)} \end{array}$$

**5b. Taxable social security tips.** Enter all tips your employees reported to you during the quarter until the total of the tips and wages for an employee reach \$97,500 in 2007. Do this even if you were unable to withhold the employee tax of 6.2%.

An employee must report cash tips to you, including tips you paid the employee for charge customers, totaling \$20 or more in a month by the 10th of the next month. Employees may use Form 4070, Employee's Report of Tips to Employer, or submit a written statement or electronic tip record.

Do not include allocated tips on this line. Instead, report them on Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips. Allocated tips are not reportable on Form 941-SS and are not subject to social security or Medicare taxes.

$$\begin{array}{r} \text{line 5b (column 1)} \\ \times .124 \\ \hline \text{line 5b (column 2)} \end{array}$$

**5c. Taxable Medicare wages and tips.** Report all wages, tips, sick pay, and taxable fringe benefits that are subject to Medicare tax. Unlike social security wages, there is no limit on the amount of wages subject to Medicare tax.

Include all tips your employees reported during the quarter, even if you were unable to withhold the employee tax of 1.45%.

$$\begin{array}{r} \text{line 5c (column 1)} \\ \times .029 \\ \hline \text{line 5c (column 2)} \end{array}$$

For more information, see sections 4, 5, and 7 of Pub. 80 (Circular SS).

**5d. Total social security and Medicare taxes.** Add social security tax, social security tips tax, and Medicare tax.

$$\begin{array}{r} \text{line 5a(column 2)} \\ \text{line 5b(column 2)} \\ + \text{line 5c(column 2)} \\ \hline \text{line 5d} \end{array}$$

## 7. TAX ADJUSTMENTS

Enter tax amounts on lines 7a, b, c, e, and 7g that result from current or prior period adjustments. Use a minus sign (if possible) to show an adjustment that decreases the total taxes shown on line 5d. Otherwise, use parentheses. Do not enter an amount on line 7g unless the IRS has sent you a notice instructing you to do so.

**Current period adjustments.** In certain cases, you must adjust the amounts you reported as social security and

Medicare taxes in column 2 of lines 5a, 5b, and 5c to figure your correct tax liability for this quarter's Form 941-SS. See section 8 of Pub. 80 (Circular SS). Do not attach Form 941c or an equivalent statement for current period adjustments.

If you need to adjust any amount previously reported on lines 7a–7c, use line 7e to report the adjustment and attach Form 941c or an equivalent statement with an explanation.

**7a. Current quarter's fractions of cents.** Enter adjustments for fractions of cents (due to rounding) relating to the employee share of social security and Medicare taxes withheld. The employee share (one-half) of amounts shown in column 2 of lines 5a–5c may differ slightly from amounts actually withheld from employees' paychecks due to the rounding of social security and Medicare taxes based on statutory rates.

**7b. Current quarter's sick pay.** Enter the adjustment for the employee share of social security and Medicare taxes that were withheld by your third-party sick pay payer.

**7c. Current quarter's adjustments for tips and group-term life insurance.** Enter adjustments for:

- any uncollected employee share of social security and Medicare taxes on tips and
- the uncollected employee share of social security and Medicare taxes on group-term life insurance premiums paid for former employees.

**Prior period adjustments.** Use lines 7e and 7g to adjust amounts reported on previous returns. If you need to report both an increase and a decrease for the same line, show only the difference.

Adjustments you report here change your tax liability and your tax deposits. You will have to take these adjustments into account on line 15 as Tax liability: Month 1; Month 2; Month 3 or on Schedule B (Form 941). You must explain any prior period adjustments that you make on Form 941c, Supporting Statement to Correct Information, or in an equivalent statement.

Form 941c is not an amended return but is a statement providing the necessary information and certifications for adjustments shown on lines 7e and 7g. Do not file Form 941c separately from Form 941-SS. See also section 9 of Pub. 80 (Circular SS).

**7e. Prior quarters' social security and Medicare taxes.** Enter adjustments for prior quarters' social security and Medicare taxes. For example, if you made a mistake when reporting social security and Medicare taxes on previously filed Forms 941-SS, adjust it here. If you need to report both an underpayment and an overpayment, show only the net difference.



*If you are adjusting an employee's social security wages, social security tips, or Medicare wages and tips for a prior year, you must also file Form W-2c, Corrected Wage and Tax Statement, and Form W-3c, Transmittal of Corrected Wage and Tax Statements.*

**7g. Special additions to social security and Medicare.** This line is reserved for employers with special circumstances. Use this line **only** if the IRS has sent you a notice instructing you to do so. You **must** attach Form 941c explaining the tax increase.

**7h. Total adjustments.** Combine all adjustments shown on lines 7a, b, c, e, and 7g and enter the result here.

## 8. Total taxes after adjustments

Combine the amounts shown on lines 5d and 7h and enter the result here.

- **If line 8 is less than \$2,500**, you may pay the full amount with a timely filed return because you were not required to deposit. See section 8 of Pub. 80 (Circular SS) for information and rules about federal tax deposits.

• If line 8 is \$2,500 or more, you must deposit your tax liabilities by using the Electronic Federal Tax Payment System (EFTPS) or at an authorized financial institution with Form 8109. The amount shown on line 8 **must** equal the "Total liability for quarter" shown on Form 941-SS, line 15 or the "Total liability for the quarter" shown on Schedule B (Form 941).



If you are a **semiweekly depositor**, you **must** complete Schedule B (Form 941). If you fail to complete and submit Schedule B (Form 941), IRS will assert deposit penalties based on available information.

### 11. Total deposits for this quarter...

Enter your deposits for this quarter, including any deposits that you were required to make to cover prior period liabilities resulting from adjustments shown on line 7. Also include in the amount shown any overpayment from a previous period that you applied to this return.

### 12. Balance Due

If line 8 is more than line 11, write the difference in line 12. Otherwise, see *Overpayment* below.

You do not have to pay if line 12 is under \$1. Generally, you should have a balance due only if your total taxes for the quarter (line 8) are less than \$2,500. (However, see section 8 of Pub. 80 (Circular SS) for information about payments made under the *Accuracy of Deposits Rule*.)

If you are not required to deposit your taxes (see *When and How Must You Deposit Your Taxes?* on page 3), you may pay the amount shown on line 12 using EFTPS, credit card, check, or money order. Do not use a credit card to pay taxes that were required to be deposited. For more information on paying your taxes with a credit card, visit the IRS website at [www.irs.gov](http://www.irs.gov) and type "e-pay" in the Search box.

If you pay by EFTPS or credit card, file your return using the "Without a payment" address on page 2 under *Where Should You File?* and **do not** file Form 941-V(SS), Payment Voucher.

If line 8 is \$2,500 or more and you have deposited all taxes when due, line 12 ("Balance due") should be zero.



If you do not deposit as required and, instead, pay the taxes with Form 941-SS, you may be subject to a penalty.

### 13. Overpayment

If line 11 is more than line 8, write the difference in line 13. **Never** make an entry in both lines 12 and 13.

If you deposited more than the correct amount for a quarter, you can choose to have the IRS either refund the overpayment or apply it to your next return. Check the appropriate box in line 13. If you do not check either box, we will automatically refund the overpayment. We may apply your overpayment to any past due tax account that is shown in our records under your EIN.

If line 13 is under \$1, we will send a refund or apply it to your next return only if you ask us in writing to do so.

### Fill out both pages.

You **must** fill out both pages of Form 941-SS and sign it on the second page. Failure to do so may delay processing of your return.

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

### 15. Check one:

- If line 8 is less than \$2,500, check the appropriate box in line 15 and go to Part 3.
- If you reported \$50,000 or less in taxes during the lookback period (see below), you are a monthly schedule depositor unless the *\$100,000 Next-Day Deposit Rule* discussed in section 8 of Pub. 80 (Circular SS) applies. Check the appropriate box on line 15 and fill out your tax liability for each month in the quarter.

+ Month 1  
+ Month 2  
+ Month 3

Total tax liability for quarter

Note that your total tax liability for the quarter must equal your total taxes shown on line 8. If it does not, your tax deposits and payments may not be counted as timely.

You are a monthly schedule depositor for the calendar year if the amount of your Form 941-SS taxes reported for the lookback period is \$50,000 or less. The lookback period is the four consecutive quarters ending on June 30 of the prior year. For 2007, the lookback period begins July 1, 2005, and ends June 30, 2006. For details on the deposit rules, see section 8 of Pub. 80 (Circular SS).



This is a summary of your monthly tax liability, not a summary of deposits you made. If you do not properly report your liabilities when required or if you are a semiweekly schedule depositor and report your liabilities on line 15 instead of on Schedule B (Form 941), you may be assessed an "averaged" failure-to-deposit (FTD) penalty. See Deposit Penalties in section 8 of Pub. 80 (Circular SS) for more information.

- If you reported more than \$50,000 of taxes for the lookback period (see above), you are a semiweekly schedule depositor. Check the appropriate box on line 15.

You must complete the Schedule B (Form 941) and submit it with your Form 941-SS. Do not use Schedule B (Form 941) if you are a monthly schedule depositor.

**Reporting adjustments on line 15.** If your tax liability for any month is negative (for example, if you are adjusting an overreported liability in a prior period), do not enter a negative amount for the month. Instead, enter zero for the month and subtract that negative amount from your tax liability for the next month.

### Here's an example:

Pine Co. discovered on February 6, 2007, that it overreported social security tax on a prior quarter return by \$2,500. Its Form 941-SS taxes for the first quarter of 2007 were:

January =	\$2,000
February =	\$2,000
March =	\$2,000

Pine Co. reports liabilities on line 15 as follows:

Month 1 =	\$2,000
Month 2 =	0
Month 3 =	+\$1,500
Total	\$3,500

The prior period adjustment (\$2,500) offsets the \$2,000 liability for February and the excess \$500 must be used to offset March liabilities. Since the error was not discovered until February, it does not affect January liabilities reported in Month 1 of line 15.

Using the above example, if the overreported social security tax on a prior quarter return had been \$10,000, Pine Co. could carry the excess negative adjustment of \$6,000 (\$10,000 – \$2,000 – \$2,000) to the next quarter. Pine Co. would only report \$4,000 of the adjustment on line 7e because line 8 must equal the total shown in line 15. See Form 941c for reporting requirements and information on the option of filing a claim for refund of overpaid employment taxes.

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### Part 3: Tell us about your business.

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In Part 3, answer only those questions that apply to your business. If a question does not apply, leave it blank and go to Part 4.

#### 16. If your business has closed . . .

If you go out of business or stop paying wages, you must file a final return. To tell IRS that a particular Form 941-SS is your final return, check the box on line 16 and enter the date you last paid wages in the space provided.

#### 17. If you are a seasonal employer . . .

If you hire employees seasonally—such as for summer or winter only—check the box on line 17. Checking the box tells IRS not to expect four Forms 941-SS from you throughout the year because you have not paid wages regularly.

IRS will mail you two forms once a year after March 1. Generally, we will not ask about unfiled returns if you file at least one return showing tax due each year. However, you must check the box every time you file a Form 941-SS.

Also, when you fill out Form 941-SS, be sure to check the box on the top of the form that corresponds to the quarter reported.

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### Part 4: May we speak with your third-party designee?

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If you want to allow an employee, a paid tax preparer, or another person to discuss your Form 941-SS with the IRS, check the “Yes” box in Part 4. Then tell us the name, phone number, and the five-digit personal identification number (PIN) of the specific person to speak with—not the name of the firm who prepared your tax return. The designee may choose any five numbers as his or her PIN.

By checking “Yes,” you authorize the IRS to talk to the person you named (your designee) about any questions we may have while we process your return. You also authorize your designee to:

- give us any information that is missing from your return,
- call us for information about processing your return, and
- respond to certain IRS notices that you have shared with your designee about math errors and return preparation. IRS will not send notices to your designee.

You are not authorizing your designee to bind you to anything (including additional tax liability) or to otherwise represent you before the IRS. If you want to expand your

designee’s authorization, see Pub. 947, Practice Before the IRS and Power of Attorney.

The authorization will automatically expire one year from the due date (without regard to extensions) for filing your Form 941-SS. If you or your designee want to terminate the authorization, write to the IRS office for your locality using the “Without a payment” address under *Where Should You File?* on page 2.

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### Part 5: Sign here— Who Must Sign the Form 941-SS?

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Form 941-SS must be signed as follows.

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

Form 941-SS 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-SS 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](http://www.irs.gov/pub/irs-irbs/irb05-28.pdf).

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### Part 6: For PAID preparers only (optional)

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You may complete Part 6 if you were paid to prepare Form 941-SS and are not an employee of the filing entity. Sign in the space provided and give the filer a copy of the return in addition to the copy to be filed with the IRS. Do not complete Part 6 if you are filing the return as a reporting agent and have a valid Form 8655, Reporting Agent Authorization, on file with the IRS.

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Call 1-800-829-3676 (U.S. Virgin Islands only), or 215-516-2000 (toll call).



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