

# Instructions for Schedule R (Form 943)

(Rev. December 2022)

## Allocation Schedule for Aggregate Form 943 Filers



Department of the Treasury  
Internal Revenue Service

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

These instructions were updated for changes made to the 2022 revision of the Form 943. Columns l, r, t, x, and y are "Reserved for future use" because the corresponding lines on Form 943 are "Reserved for future use." See the Instructions for Form 943 for information on which employers may be eligible to claim the credit for qualified sick and family leave wages paid in 2022 and which employers may be eligible to claim the COBRA premium assistance credit in 2022.

## General Instructions

### Purpose of Schedule R

Use Schedule R to allocate certain 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 COBRA premium assistance credit. 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. Amounts for clients not claiming any of these credits are included on Schedule R, page 1, line 8.

Generally, the common-law employer of the individuals that are paid qualified sick or family leave wages and/or provided COBRA premium assistance is entitled to the credit for qualified sick and

family leave wages and/or the COBRA premium assistance credit, regardless of whether they use a third-party payer. The third-party payer isn't entitled to the credits with respect to the wages and taxes it remits on behalf of clients, or the COBRA premium assistance it remits on behalf of clients (regardless of whether the third party is considered an "employer" for other purposes). However, under an exception to the rule that only the common-law employer is entitled to the COBRA premium assistance credit even if the common-law employer uses a third-party payer, a third-party payer is entitled to the credit if it is treated as the person to whom premiums are payable. A third-party payer is treated as the person to whom premiums are payable if the third-party payer is the entity that pays wages subject to federal employment taxes on behalf of the common-law employer and reports those wages and taxes on an aggregate Form 943 that it files on behalf of the employer, and it:

- Maintains the group health plan;
- Is considered the sponsor of the group health plan and is subject to the applicable Department of Labor COBRA guidance, including providing the COBRA election notices to qualified beneficiaries; and
- Would have received the COBRA premium payments directly from the assistance eligible individuals were it not for the COBRA premium assistance.

If a third-party payer satisfies the above conditions, the third-party payer's clients aren't eligible for the COBRA premium assistance credit. If a third-party payer is considered the person to whom COBRA premiums are payable, as discussed above, the third party must include the applicable credit amount on Schedule R, page 1, column n, line 8, with amounts reported for the third-party payer's employees.

### 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. For more information about a CPEO's requirement to file electronically, 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).

## 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, a CPEO, or any other type of third party (for example, a non-certified PEO).

#### Calendar Year

Calendar year "2022" has been prepopulated on the December 2022 revision of Schedule R. Don't use the December 2022 revision of Schedule R for any year before 2022.

#### 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 and other compensation paid to the individual(s) performing services for the client. If you paid more than one type of wages 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 paid in 2022 for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 943, line 2a.

**Column f.** Qualified family leave wages paid in 2022 for leave taken after March 31, 2020, and before April 1, 2021, 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.** 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 k.** Total credit for qualified sick and family leave wages paid in 2022 for leave taken after March 31, 2020, and before April 1, 2021, nonrefundable and refundable portions, allocated to the listed client EIN from Form 943, lines 12b and 14d.

**Column m.** Total credit for qualified sick and family leave wages paid in 2022 for leave taken after March 31, 2021, and before October 1, 2021, nonrefundable and refundable portions, allocated to the listed client EIN from Form 943, lines 12d and 14f.

**Column n.** Total COBRA premium assistance credit, nonrefundable and refundable portions, allocated to the listed client EIN from Form 943, lines 12e and 14g.

**Column o.** Number of individuals provided COBRA premium assistance allocated to the listed client EIN from Form 943, line 12f.

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

**Column q.** 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 s.** Total amount of qualified health plan expenses allocable to qualified sick and family leave wages paid in 2022 for leave taken after March 31, 2020, and before April 1, 2021, allocated to the listed client EIN from Form 943, lines 18 and 19.

**Column u.** Total amount of qualified sick leave wages paid in 2022 for leave taken after March 31, 2021, and before October 1, 2021, and any amounts under certain collectively bargained agreements allocable to those wages allocated to the listed client EIN from Form 943, lines 22 and 24.

**Column v.** Total amount of qualified health plan expenses allocable to qualified sick and family leave wages paid in 2022 for leave taken after March 31, 2021, and before October 1, 2021, allocated to the listed client EIN from Form 943, lines 23 and 26.

**Column w.** Total amount of qualified family leave wages paid in 2022 for leave taken after March 31, 2021, and before October 1, 2021, and any amounts under certain collectively bargained agreements allocable to those wages allocated to the listed client EIN from Form 943, lines 25 and 27.

**Line 6.** Enter the subtotals for clients for column c through column k, column m through column q, column s, and column u through column w.

**Line 7.** Enter the combined subtotal from line 9 of all Continuation Sheets for Schedule R for column c through column k, column m through column q, column s, and column u through column w.

**Line 8.** Enter Form 943 amounts for your employees for column c through column k, column m through column q, column s, and column u through column w. 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. If a third-party payer is considered the person to whom COBRA premiums are payable, as discussed earlier, the third party must include the applicable credit amount and number of individuals provided premium assistance on line 8 with amounts reported for the third-party payer's employees.

**Line 9.** Enter the totals of lines 6, 7, and 8 for column c through column k, column m through column q, column s, and column u through column w. 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 k, column m through column q, column s, and column u through column w.

## 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:

|                                                           |                 |
|-----------------------------------------------------------|-----------------|
| <b>Recordkeeping</b> . . . . .                            | 20 hr., 34 min. |
| <b>Learning about the law or the form</b> . . . . .       | 12 min.         |
| <b>Preparing and sending the form to the IRS.</b> . . . . | 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 Should You File?* in the Instructions for Form 943.

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