

Office of Chief Counsel
Internal Revenue Service
memorandum

CC:PA:01:AFDunlap
FILEN-103761-12

date: April 17, 2012

to: Judith Davis
Senior Program Analyst/Project Manager
(SBSE Employment Tax Policy)

from: Charles A. Hall
Senior Technical Reviewer
(Procedure & Administration)

subject: Dropping Cents from Form 941

This memorandum responds to your request for advice. This advice may not be used or cited for precedent.

ISSUE

Whether the Service may remove the column on the Form 941 where taxpayers would report the fractional part of a dollar.

CONCLUSION

Neither Form 941 nor its instructions permit amounts reported on the Form 941 to be entered at the nearest whole dollar amount, and Section 6102(b) expressly permits taxpayers to report fractional parts of a dollar, so removing the column where taxpayers may report the fractional part of a dollar is not permissible under the Code.

FACTS

Submission Processing is preparing for a conversion of Form 941 processing to Modernized e-File (MeF), [REDACTED]

[REDACTED]

[REDACTED]

LAW AND ANALYSIS

Section 6102 provides guidance regarding reporting the fractional part of the dollar on tax returns. Specifically, section 6102(a) authorizes the Secretary to provide with respect to any amount required to be shown on a form prescribed for any internal

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revenue return, statement, or other document, that if such amount of such item is other than a whole dollar amount, either: (1) the fractional part of a dollar shall be disregarded; or (2) the fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case the amount (determined without regard to the fractional part of a dollar) shall be increased by \$1. Section 301.6201-1(a) of the regulations provides that to the extent permitted by any internal revenue form or instructions prescribed for use with respect to any internal revenue return, declaration, statement, or other document, or supporting schedules, any amount required to be reported on such form shall be entered at the nearest whole dollar amount. The extent to which, and the conditions under which, such whole dollar amounts shall be entered on any form will be set forth in the instructions issued with respect to such forms.

Section 6102(b), however, provides that any person making a return, statement, or other document shall be allowed, under the regulations, to make such return without regard to subsection (a). The regulations provide that where any internal revenue form, or other instructions issued with respect to such form, provides that whole dollar amounts shall be reported, any person making a return, declaration, statement, or other document on such form may elect not to use whole dollar amounts by reporting thereon all amounts in full, including cents. Treas. Reg. § 301.6102-1(b).

Neither the Form 941 nor its instructions permit amounts reported on the Form 941 to be rounded to the nearest whole dollar amount. The Form 941 instructions require filers to “[e]nter dollars to the left of the preprinted decimal point **and cents to the right of it**” (emphasis added), to enable accurate scanning and processing. Even if the Secretary used the section 6102(a) authority to provide that amounts shown on the Form 941 shall be rounded to the nearest dollar, section 6102(b) expressly permits taxpayers to report fractional parts of a dollar, and the regulations permit a taxpayer to disregard the instructions for any return asking for entries in whole-dollar amounts. Since the Secretary has not authorized that amounts shown on the Form 941 may be rounded to the nearest whole dollar amount, we do not believe that permitting the Service to remove the field where taxpayers may report fractional parts of a dollar is permissible.

Please call (202) 622-4910 if you have any additional questions.