

# Instructions for Schedule B (Form 941) (Rev. February 2010)



Department of the Treasury  
Internal Revenue Service

## For use with the Schedule B (Form 941)(Rev. February 2009) Report of Tax Liability for Semiweekly Schedule Depositors

### Reminders

**Reporting prior period adjustments.** Prior period adjustments previously reported on lines 7d-7g of Form 941 and Form 941-SS are no longer reported on Schedule B (Form 941). Prior period adjustments are now reported on Form 941-X, Amended Employer's QUARTERLY Federal Tax Return or Claim for Refund, and are not taken into account when figuring the tax liability for the current quarter.

When you file Schedule B (Form 941) with your Form 941 (or Form 941-SS), do not change your tax liability by adjustments reported on any Form 941-X.

**Amended Schedule B.** If you have been assessed a failure-to-deposit (FTD) penalty, you may be able to file an amended Schedule B (Form 941). See *Amending a Previously Filed Schedule B (Form 941)* on page 2.

### General Instructions

#### Purpose of Schedule B (Form 941)

These instructions tell you about Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors. To determine if you are a semiweekly depositor, visit the IRS website at [www.irs.gov](http://www.irs.gov) and type "semiweekly depositor" in the search box. Also see Pub. 15 (Circular E), Employer's Tax Guide, or 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.

Federal law requires you, as an employer, to withhold taxes from your employees' paychecks. Each time you pay wages, you must withhold – or take out of your employees' paychecks – certain amounts for federal income tax, social security tax, and Medicare tax (payroll taxes). Under the withholding system, taxes withheld from your employees are credited to your employees in payment of their tax liabilities.

Federal law also requires employers to pay any liability for the employer's portion of social security and Medicare taxes. This portion of social security and Medicare taxes is not withheld from employees.

On Schedule B (Form 941), list your **tax liability** for each day. Your liability includes:

- The federal income tax you withheld from your employees' paychecks, and
- Both employee and employer social security and Medicare taxes.

**Note.** Subtract any advance earned income credit payments from your tax liability.

**Do not** use the Schedule B (Form 941) to show federal tax deposits. Deposit information is taken from your deposit coupons (Form 8109, Federal Tax Deposit Coupon) or from the Electronic Federal Tax Payment System (EFTPS).



*The IRS uses Schedule B (Form 941) to determine if you have deposited your federal employment tax liabilities on time. If you do not properly complete and file your Schedule B (Form 941) with Form 941 or Form 941-SS, the IRS may propose an "averaged"*

*failure-to-deposit penalty. See Deposit Penalties in section 11 of Pub. 15 (Circular E) for more information.*

### Who Must File?

File Schedule B (Form 941) if you are:

- A semiweekly schedule depositor, or
- A monthly schedule depositor who accumulated a tax liability of \$100,000 or more on any given day in the reporting period. See *\$100,000 Next-Day Deposit Rule* in section 11 of Pub. 15 (Circular E) for important details.



*Do not complete Schedule B (Form 941) if you have a tax liability that is less than \$2,500 (after you subtract any advance earned income credit (EIC) payment) during the quarter.*

### When Must You File?

Schedule B (Form 941) is filed with Form 941, Employer's QUARTERLY Federal Tax Return, or Form 941-SS, Employer's QUARTERLY Federal Tax Return (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands). File Schedule B (Form 941) with your Form 941 or Form 941-SS every quarter when Form 941 or Form 941-SS is due.

Do not file Schedule B (Form 941) as an attachment to Form 944, Employer's ANNUAL Federal Tax Return, or Form 944-SS, Employer's ANNUAL Federal Tax Return (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands). Instead, use Form 945-A, Annual Record of Federal Tax Liability.

### Specific Instructions

#### Completing Schedule B (Form 941)

##### Enter Your Business Information

Carefully enter your employer identification number (EIN) and name at the top of the schedule. Make sure that they exactly match the name of your business and the EIN that the IRS assigned to your business and also agree with the name and EIN shown on the attached Form 941 or Form 941-SS.

##### Calendar Year

Enter the calendar year that applies to the quarter checked.

##### Check the Box for the Quarter

Under *Report for this Quarter* at the top of Schedule B (Form 941), check the appropriate box of the quarter for which you are filing this schedule. Make sure the quarter checked on the top of the Schedule B (Form 941) matches the quarter checked on your Form 941 or Form 941-SS.

##### Enter Your Tax Liability by Month

Schedule B (Form 941) is divided into the 3 months that make up a quarter of a year. Each month has 31 numbered spaces that correspond to the dates of a typical month. Enter your tax liabilities in the spaces that correspond to the dates you **paid**

wages to your employees, not the date payroll deposits were made.

For example, if your payroll period ended on December 31, 2009, and you **paid** the wages for that period on January 6, 2010, you would:

- Go to Month 1 (because January is the first month of the quarter), and
- Enter your tax liability on line 6 (because line 6 represents the sixth day of the month).



*Make sure you have checked the appropriate box on line 17 of Form 941 or Form 941-SS to show that you are a semiweekly schedule depositor.*

## Total Liability for the Quarter

To find your total liability for the quarter, add your monthly tax liabilities.

Tax Liability for Month 1
+Tax Liability for Month 2
+Tax Liability for Month 3
<u>Total Liability for the Quarter</u>

Your total liability for the quarter must equal line 10 on Form 941 or line 8 on Form 941-SS.

**Example 1.** Employer A is a **semiweekly** schedule depositor who pays wages for each month on the last day of the month. On December 22, 2009, Employer A also paid its employees year-end bonuses (subject to employment taxes). Because Employer A is a semiweekly schedule depositor, Employer A must record employment tax liabilities on Schedule B (Form 941). For the 4th quarter (October, November, December), Employer A should report tax liability in this way—

Month	Lines for dates wages were paid
1 (October)	line 31 (pay day, last day of the month)
2 (November)	line 30 (pay day, last day of the month)
3 (December)	lines 22 (bonus paid) and 31 (pay day)

**Example 2.** Employer B is a **semiweekly** schedule depositor who pays employees every other Friday. Employer B accumulated a \$20,000 employment tax liability on each of these pay dates: 1/13/09, 1/27/09, 2/10/09, 2/24/09, 3/10/09, and 3/24/09. Since Employer B is a semiweekly schedule depositor, Employer B must record tax liabilities on Schedule B (Form 941) in this way—

Month	Lines for dates wages were paid
1 (January)	lines 13 and 27
2 (February)	lines 10 and 24
3 (March)	lines 10 and 24

**Example 3.** Employer C is a new business and **monthly** schedule depositor for 2009. Employer C pays wages every Friday and has accumulated a \$2,000 employment tax liability on 1/13/09 and a \$110,000 liability on 1/20/09 and on every subsequent Friday during 2009. Under the deposit rules, employers **become semiweekly schedule depositors** on the day after any day they accumulate \$100,000 or more of tax liability in a deposit period. For more information, see section 11 of Pub. 15(Circular E) or section 8 of Pub. 80 (Circular SS). Because Employer C accumulated \$112,000 on 1/20/09, Employer C became a semiweekly schedule depositor on the next day and must complete Schedule B (Form 941) and file it with Form 941 or Form 941-SS. Employer C should record tax liabilities in this way—

Month	Lines for dates wages were paid	Amount to record
1 (January)	line 13	\$2,000
1 (January)	lines 20, 27	\$110,000
2 (February)	lines 3, 10, 17, 24	\$110,000
3 (March)	lines 3, 10, 17, 24	\$110,000

## Amending a Previously Filed Schedule B (Form 941)

**Semiweekly schedule depositors.** If you have been assessed a failure-to-deposit (FTD) penalty for a quarter AND

you made an error on Schedule B (Form 941) AND the correction will not change the total liability for the quarter you reported on Schedule B (Form 941), you may be able to reduce your penalty by filing a corrected Schedule B (Form 941).

**Example.** You reported a liability of \$3,000 in day 1 of month 1. However, the liability was actually for month 3. Prepare an amended Schedule B (Form 941) showing the \$3,000 liability in day 1 of month 3. Also, you must enter the liabilities previously reported for the quarter that did not change. Write “Amended” at the top of Schedule B (Form 941). The IRS will refigure the penalty and notify you of any change in the penalty.

**Monthly schedule depositors.** You can also file an amended Schedule B (Form 941) if you have been assessed an FTD penalty for a quarter and you made an error on the monthly tax liability section of Form 941. When completing Schedule B (Form 941), only enter the monthly totals. The daily entries are not required.

**Where to file.** File your amended Schedule B at the address provided in the penalty notice you received. You do not have to submit your original Schedule B (Form 941).

## Form 941-X

**Tax decrease.** If you are filing Form 941-X for a quarter, you can file an amended Schedule B (Form 941) with Form 941-X if both of the following apply.

1. You have a tax decrease.
2. You were assessed an FTD penalty.

File your amended Schedule B (Form 941) with Form 941-X. The total liability for the quarter reported on your corrected Schedule B (Form 941) must equal the corrected amount of tax reported on Form 941-X. If your penalty is decreased, the IRS will include the penalty decrease with your tax decrease.

**Tax increase.** If you owe tax and are filing a timely Form 941-X, do not file an amended Schedule B (Form 941) unless you were assessed an FTD penalty caused by an incorrect, incomplete, or missing Schedule B (Form 941). Do not include the tax increase reported on Form 941-X on any amended Schedule B (Form 941) you file.

If you owe tax and are filing a late Form 941-X, that is, after the due date for Form 941 for the quarter in which you discovered the error, you must file an amended Schedule B (Form 941) with the Form 941-X. Otherwise, the IRS may assess an “averaged” FTD penalty.

**Paperwork Reduction Act Notice.** We ask for the information on Schedule B (Form 941) to carry out the Internal Revenue laws of the United States. You are required to give us the 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 are 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 B (Form 941) will vary depending on individual circumstances. The estimated average time is 2 hours, 53 minutes.

If you have comments concerning the accuracy of this time estimate or suggestions for making Schedule B (Form 941) simpler, we would be happy to hear from you. You can send comments by email to [\\*TaxForms@irs.gov](mailto:TaxForms@irs.gov) or you can write to: Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send Schedule B (Form 941) to this address. Instead, see *Where Should You File?* in the Form 941 or Form 941-SS instructions.