



PAYROLL CURRENTLY

The Compliance Publication of the American Payroll Association

Volume 18

Issue # 3

March 5, 2010

IRS Releases Form 941 for 2010

The IRS has released Form 941, *Employer's Quarterly Federal Income Tax Return*, for tax year 2010, as well as the 2010 *Instructions for Form 941*, revised *Instructions for Schedule B (Form 941)*, and new Schedule R (Form 941), *Allocation Schedule for Aggregate Form 941 Filers*. All of these items are available on the APA website at www.americanpayroll.org/members/Forms-Pubs/#tax. Form 941 includes primarily minor cosmetic changes this year.

What's new

- **COBRA premium assistance credit extended.** The credit for COBRA premium assistance payments has been extended. It now applies to premiums paid for employees terminated before March 1, 2010, and to premiums paid for 15 months (see [PAYROLL CURRENTLY, Issue No. 1, Vol. 18](#)).

- **Line 17 revised.** In Line 17, the instructions for the first check box have been revised. They now instruct filers to check the box and skip to Part 3 not only if Line 10 "on this return" is less than \$2,500, but also if Line 10 "on the return for the preceding quarter" was less than \$2,500 "and you did not incur a \$100,000 next-day deposit obligation during the current quarter." These revised instructions also appear on the 941-V payment voucher in the first bulleted item under *Making Payments With Form 941*.

- **Employers can choose to file Forms 941 instead of Form 944 for 2010.** Beginning with tax year 2010, employers that would otherwise be required to file Form 944, *Employer's Annual Federal Tax Return*, can notify the IRS if they want to file quarterly Forms 941 instead to report their employment taxes (see [PAYROLL CURRENTLY, Issue No. 22, Vol. 17](#)).

- **Social security wage base for 2010.** Do not withhold social security tax after an employee reaches \$106,800 in social security wages. (There is no limit on the amount of wages subject to Medicare tax.)

Reminders

- **Correcting a previously filed Form 941.** If you discover an error on a previously filed Form 941, make the correction using Form 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund*. Form 941-X is filed separately from Form 941.

- **Paid preparers must sign Form 941.** Paid preparers must complete and sign the paid preparer's section of Form 941.

- **Credit card payments.** Employers can pay the balance due shown on Form 941 by credit card. However, **do not** use a credit card to make federal tax deposits.

- **Electronic funds withdrawal (EFW).** If you file Form 941 electronically, you can e-file and e-pay (electronic funds withdrawal) the balance due in a single step using tax preparation software or through a tax professional. However, **do not** use EFW to make federal tax deposits. Note that a fee may be charged to file electronically. Go to www.irs.gov and type "e-pay" in the search box for more information on paying taxes using EFW.



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- **Telephone help.** You can call the IRS toll-free at 800-829-4933, Monday through Friday from 7 a.m. to 10 p.m. local time (Alaska and Hawaii follow Pacific time), to order tax deposit coupons (Form 8109) and for answers to your questions about completing Form 941, tax deposit rules, or obtaining an employer identification number (EIN).

Revised Schedule B instructions: 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, 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 or for credits taken for COBRA premium assistance payments.

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).

New Schedule R

Purpose of Schedule R (Form 941). Use Schedule R (Form 941), to allocate the aggregate information reported on Form 941 to each client. If you have more than 15 clients, complete as many continuation sheets as necessary. Attach Schedule R (Form 941), including any continuation sheets, to your aggregate Form 941 and file it with your return.

Who must file? You must complete Schedule R (Form 941) each time you file an aggregate Form 941. Aggregate Forms 941 are filed by agents approved by the IRS under IRC §3504. To request approval to act as an agent for an employer, you must file Form 2678, *Employer/Payer Appointment of Agent*, with the IRS. On Schedule R (Form 941), those employers are called clients.

When must you file? If you are an aggregate Form 941 filer, file Schedule R (Form 941) with your aggregate Form 941 every quarter when Form 941 is due.